

EXHIBIT A



03/16/2020

SMITH, KERRIE
THE HANOVER INSURANCE GROUP
WORCESTER, MA OFFICE
MAIL STOP - S316

RE: CERTIFIED COPY OF THE POLICY

TO: WHOM IT MAY CONCERN

I am authorized by Citizens/Hanover Insurance Company to certify the attached copy as a true and correct copy of the company's record on the policy.

Policy Number: RHY 9560593 05

Policy Issued To: ARIZONA BEVERAGE USA LLC

Date Span: 05/31/2017 TO 05/31/2018

Please contact certreqwor@hanover.com with any questions.

Sincerely,

Gary Hamer

Commercial Lines



RHY 9560593 04

Renewal of Number

COMMERCIAL LINES POLICY COMMON DECLARATIONS COMMERCIAL MARINE

Coverage is provided in the: HANOVER INSURANCE COMPANY
440 LINCOLN STREET
WORCESTER, MASSACHUSETTS 01653

POLICY NUMBER		POLICY PERIOD		AGENCY CODE
		FROM	TO	
RHY 9560593 05		05/31/2017	05/31/2018	4108255
NAMED INSURED AND MAILING ADDRESS (Street, Town or City, County, State, Zip Code) ARIZONA BEVERAGES USA, LLC 60 CROSSWAYS PARK DRIVE WEST, 4TH FLOOR WOODBURY, NY 11797				AGENT CAPACITY COVERAGE COMPANY OF NEW JERSEY, LLC ONE INTERNATIONAL BLVD. FL 3 MAHWAH, NJ 07495

DESCRIPTION OF BUSINESS

☐ Individual
 ☐ Corporation
 ☐ Partnership
 ☐ Joint Venture
 ☒ Other: LLC

Business Description: DISTRIBUTOR OF ARIZONA TEA PRODUCTS

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S) FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

PREMIUM	
• Commercial Property Coverage Part.....	\$ 362,629
• Commercial Crime Coverage Part.....	\$ 2,000
• Commercial Inland Marine Coverage Part.....	\$
• Boiler and Machinery Coverage Part.....	\$ 37,423
• Ocean Marine.....	\$
• Terrorism.....	\$ 12,002
• State Surcharges NY \$71.63, NJ 188.56, FL \$7.61	\$ 267.80
PREMIUM <input checked="" type="checkbox"/> The total premium of \$ 414,321.80 is due at inception <input checked="" type="checkbox"/> The total premium includes a deposit premium subject to adjustment	PAYMENT PLAN: AGENCY BILL/10 PAY

See list of Form (s) and Endorsement(s) applicable to all Coverage Part(s) and made a part of this policy at time of issue.

Countersigned:

By _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PARTS COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Includes copyrighted material of Insurance Services Office, Inc., with permission, Copyright, Insurance Services Office, Inc., 1983, 1984

**FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS AND MADE A PART
OF THIS POLICY AT TIME OF ISSUE**

231-0862 (12/14)	CO 1204 (04/02)
IM 201 (05/08)	CO 1231 (04/02)
401-1377 (12/14)	CO 1232 (04/02)
221-4708 (05/93)	SIG 1100 (08/16)
401-0023B (09/08)	
401-0032	
IM 441-1045 (01/12)	
401-1127 (01/15)	
401-1374 (01/15)	
401-1235 (12/14)	
CO 1051 (04/05)	
411-0964 (11/16)	
CO 1052 (04/02)	
CO 1235 (04/02)	
CO 1054 (04/02)	
CO 1076 (04/02)	
CO 1072 (04/02)	
221-0163 (10/03) A-D	
CL 0100 (03/99)	
CL 0140 (02/05)	
CL 0700 (02/07)	
CO 0278 (04/02)	
401-1337 (02/16)	
CL 0600 (01/15)	
CO 1000 (10/02)	
CO 1227 (05/02)	
CO 1001 (04/02)	
CO 1281 (04/02)	
CO 1006 (04/02)	
411-0963 (11/16)	
411-0974 (11/16)	
411-0971 (11/16)	
CO 1220 (10/07)	

IM441-1056 (06-08)

Customer Notice of Privacy Policy and Producer Compensation Practices Disclosures

Privacy Policy Disclosure

Collection of Information

We collect personal information so that we may offer quality products and services. This information may include, but is not limited to, name, address, Social Security number, and consumer reports from consumer reporting agencies in connection with your application for insurance or any renewal of insurance. For example, we may access driving records, insurance scores or health information. Our information sources will differ depending on your state and/or the product or service we are providing to you. This information may be collected directly from you and/or from affiliated companies, non-affiliated third parties, consumer reporting agencies, medical providers and third parties such as the Medical Information Bureau.

We, and the third parties we partner with, may track some of the web pages you visit through cookies, pixel tagging or other technologies. We currently do not process or comply with any web browser's "do not track" signals or similar mechanisms that request us to take steps to disable online tracking. For additional information regarding online privacy, please see our online privacy statement, located at www.hanover.com.

Disclosure of Information

We may disclose non-public, personal information you provide, as required to conduct our business and as permitted or required by law. We may share information with our insurance company affiliates or with third parties that assist us in processing and servicing your account. We also may share your information with regulatory or law enforcement agencies, reinsurers and others, as permitted or required by law.

Our insurance companies may share information with their affiliates, but will not share information with non-affiliated third parties who would use the information to market products or services to you.

Our standards for disclosure apply to all of our current and former customers.

Safeguards to Protect Your Personal Information

We recognize the need to prevent unauthorized access to the information we collect, including information held in an electronic format on our computer systems. We maintain physical, electronic and procedural safeguards intended to protect the confidentiality and integrity of all non-public, personal information, including but not limited to social security numbers, driver's license numbers and other personally identifiable information.

Internal Access to Information

Access to personal, non-public information is limited to those people who need the information to provide our customers with products or services. These people are expected to protect this information from inappropriate access, disclosure and modification.

Consumer Reports

In some cases, we may obtain a consumer report in connection with an application for insurance. Depending on the type of policy, a consumer report may include information about you or your business, such as:

- character, general reputation, personal characteristics, mode of living;
- credit history, driving record (including records of any operators who will be insured under the policy); and/or
- an appraisal of your dwelling or place of business that may include photos and comments on its general condition.

Access to Information

Upon written request, we will inform you if we have ordered an investigative consumer report. You have the right to make a written request within a reasonable period for information concerning the nature and scope of the report and to be interviewed as part of its preparation. You may obtain a copy of the report from the reporting agency and, under certain circumstances, you may be entitled to a copy at no cost.

You also may review certain information we have about you or your business in our files. To review information we maintain in our files about you or your business, please write to us, providing your complete name, address and policy number(s), and indicating specifically what you would like to see. If you request actual copies of your file, there may be a nominal charge.

We will tell you to whom we have disclosed the information within the two years prior to your request. If there is not a record indicating that the information was provided to another party, we will tell you to whom such information is normally disclosed.

There is information that we cannot share with you. This may include information collected in order to evaluate a claim under an insurance policy, when the possibility of a lawsuit exists. It may also include medical information that we would have to forward to a licensed medical doctor of your choosing so that it may be properly explained.

Correction of Information

If after reviewing your file you believe information is incorrect, please write to the consumer reporting agency or to us, whichever is applicable, explaining your position. The information in question will be investigated. If appropriate, corrections will be made to your file and the parties to whom the incorrect information was disclosed, if any, will be notified. However, if the investigation substantiates the information in the file, you will be notified of the reasons why the file will not be changed. If you are not satisfied with the evaluation, you have the right to place a statement in the file explaining why you believe the information is incorrect. We also will send a copy of your statement to the parties, if any, to whom we previously disclosed the information and include it in any future disclosures.

Our Commitment to Privacy

In the insurance and financial services business, lasting relationships are built upon mutual respect and trust. With that in mind, we will periodically review and revise our privacy policy and procedures to ensure that we remain compliant with all state and federal requirements. If any provision of our privacy policy is found to be non-compliant, then that provision will be modified to reflect the appropriate state or federal requirement. If any modifications are made, all remaining provisions of this privacy policy will remain in effect. For more detailed information about our customer privacy policy (including any applicable state-specific policies) and our online privacy statement, visit our Web site, located at www.hanover.com.

Further Information

If you have questions about our customer privacy policy (including any applicable state-specific policies) or our online privacy statement, or if you would like to request information we have on file, please write to us at our Privacy Office, N435, The Hanover Insurance Group, Inc., 440 Lincoln Street, Worcester, MA 01653. Please provide your complete name, address and policy number(s). A copy of our Producer Compensation Disclosure is also available upon written request addressed to the attention of the Corporate Secretary, N435, The Hanover Insurance Group, 440 Lincoln Street, Worcester, MA 01653.

Producer Compensation Disclosure

Our products are sold through independent agents and brokers, often referred to as "Producers." We may pay Producers a fixed commission for placing and renewing business with our company. We may also pay additional commission and other forms of compensation and incentives to Producers who place and maintain their business with us. Details of our Producer compensation practices may be found at www.hanover.com.

This notice is being provided on behalf of the following Hanover Companies: The Hanover Insurance Group, Inc. - Allmerica Financial Alliance Insurance Company - Allmerica Financial Benefit Insurance Company - Allmerica Plus Insurance Agency, Inc. - Citizens Insurance Company of America - Citizens Insurance Company of Illinois - Citizens Insurance Company of the Midwest - Citizens Insurance Company of Ohio - Citizens Management, Inc. - AIX Ins. Services of California, Inc.- Campania Insurance Agency Co. Inc. - Campmed Casualty & Indemnity Co. Inc. - Chaucer Syndicates Limited- Educators Insurance Agency, Inc.- Hanover Specialty Insurance Brokers, Inc. - The Hanover American Insurance Company - The Hanover Insurance Company - The Hanover New Jersey Insurance Company - The Hanover National Insurance Company - Hanover Lloyd's Insurance Company - Massachusetts Bay Insurance Company - Opus Investment Management, Inc. - Professionals Direct Insurance Services, Inc. -Professional Underwriters Agency, Inc. - Verlan Fire Insurance Company - Nova Casualty Company - AIX Specialty Insurance Company.



Commercial Marine REPORTING CLAIMS

In the event of a claim losses must be reported by the insured or agent immediately through our National Claims Reporting Line @ 1-800-628-0250.

The caller then presses 2. This delivers the call to our Customer Care Team. Our representative will take the loss report and assign an adjuster.

Losses can also be faxed to us @ 1-800-399-4734.

IMPORTANT INFORMATION ABOUT YOUR INSURANCE COMPANY

The Home Office address for the Insurance Company shown on the policy Declarations page is:

Allmerica Financial Alliance Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

The Hanover American Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

Allmerica Financial Benefit Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

The Hanover Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

Campmed Casualty & Indemnity Company, Inc.

(A Stock Company)
12100 Sunset Hills Road, Suite 300
Reston, VA 20190-3295

Hanover Lloyds Insurance Company

(A Texas Lloyd's Plan Company)
440 Lincoln Street
Worcester, MA 01653-0002

Citizens Insurance Company of America

(A Stock Company)
808 North Highlander Way
Howell, MI 48843-1070

Massachusetts Bay Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

Citizens Insurance Company of Illinois

(A Stock Company)
333 West Pierce Road, Suite 300
Itasca, IL 60143-3114

The Hanover New Jersey Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

Citizens Insurance Company of the Midwest

(A Stock Company)
9229 Delegates Row, Suite 100
Indianapolis, IN 46240-3824

Verlan Fire Insurance Company

(A Stock Company)
440 Lincoln Street
Worcester, MA 01653-0002

Citizens Insurance Company of Ohio

(A Stock Company)
1300 East 9th Street, Suite 1010
Cleveland, OH 44114-1506

HANOCASH INSTALLMENT PAYMENT OF PREMIUM ENDORSEMENT

RENEWAL

PAY MODE A/R		AMOUNTS DUE AS OF INCEPTION, ANNIVERSARY OR PRIOR TO ENDORSEMENT		* CHANGES CAUSED BY ENDORSEMENT		* REVISED AMOUNTS DUE		* TOTAL PAYMENT
PAYMENT NUMBER	DUE DATE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	DUE
1	05/31/2017	\$41676.80						\$41676.80
2	06/30/2017	\$41405						\$41405
3	07/31/2017	\$41405						\$41405
4	08/31/2017	\$41405						\$41405
5	09/30/2017	\$41405						\$41405
6	10/31/2017	\$41405						\$41405
7	11/30/2017	\$41405						\$41405
8	12/31/2017	\$41405						\$41405
9	01/31/2018	\$41405						\$41405
10	02/28/2018	\$41405						\$41405
TOTAL		\$414321.80						\$414321.80

*Parenthesis indicate a reduction in payment, service charge and/or a return premium.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as stated above.

[Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.]

Effective 05/31/2017 this endorsement forms a part of Policy No RHY 9560593 05

Issued To ARIZONA BEVERAGE USA LLC

By _____

Date: 06/21/2017 Countersigned by _____

BREAKDOWN OF FLORIDA TAXES, SURCHARGES AND ASSESSMENTS

NOTICE TO POLICYHOLDERS

A PORTION OF THE PREMIUM DUE ON THIS POLICY IS DUE TO VARIOUS SURCHARGES AUTHORIZED BY THE STATE OF FLORIDA. THE SURCHARGES ARE NOT DIRECTLY RELATED TO YOUR POLICY, YOUR RISK CHARACTERISTICS, OR TO THE HANOVER INSURANCE COMPANIES.

ALL VOLUNTARY INSURERS IN THE STATE OF FLORIDA ARE SUBJECT TO MULTIPLE ASSESSMENTS AND SURCHARGES. FLORIDA REGULATION ALLOWS COMPANIES TO ASSESS THEIR POLICYHOLDERS TO RECOUP THESE CHARGES.

THE DECLARATION PAGE REFLECTS THE TOTAL PREMIUM INCLUDING TAXES AND SURCHARGES. A BREAKDOWN OF THE INDIVIDUAL ASSESSMENTS IS LISTED BELOW:

FLORIDA EMERGENCY TRUST FUND SURCHARGE	\$3.61
FLORIDA STATE SURCHARGE	\$4.00
FLORIDA CPIC EMERGENCY ASSESSMENT	\$
FLORIDA HURRICANE CATASTROPHE FUND	\$
FLORIDA 2007 INS. GUARANTY ASSOC. REGULAR ASSESSMENT	\$

YOU HAVE BEEN BILLED FOR THESE ASSESSMENTS IN ACCORDANCE WITH THE REQUIREMENTS OF THE STATE OF FLORIDA.

IF YOU HAVE ANY QUESTIONS ON THIS ISSUE, PLEASE CONTACT YOUR AGENT FOR CLARIFICATION.

MULTIPLE NAMED INSURED ENDORSEMENT

The NAMED INSURED on the Common Policy Declarations is amended to include all the following as NAMED INSURED applicable to this policy.

NAMES

**LEGAL
ENTITY CODE**

AZ Metro Distributors, LLC
AZ Southeast Distributors, LLC
AZ National Distributors, LLC
AriZona EU, LLC
Tea Exports, Inc.
Allied Beverages, LLC
Arizona Beverage Company
Arizona Beverages
Arizona Beverages de Mexico, S. de R.L. de C.V.
Arizona de Mexico II, LLC
Arizona de Mexico, LLC
Arizona Energy, LLC
Arizona Europe Cooperatief U.A.
Arizona Ice Tea
Arizona Iced Tea
Arizona International, LLC
Arizona of Canada, Inc.
Beverage Marketing USA, Inc.
Blue Luna Cafe S.P.A., LLC
F&V Leasing Company, LLC
F&V Properties, LLC

Legal Entity Codes:

I = Individual P = Partnership C = Corporation

J = Joint Venture T = Trust O = Other (describe)

(Completion of this following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to the preparation of the Policy.)

Effective this endorsement form a part of Policy No.

Issued to

By

Date of issue

Countersigned by _____
Authorized Representative of the Company

MULTIPLE NAMED INSURED ENDORSEMENT

The NAMED INSURED on the Common Policy Declarations is amended to include all the following as NAMED INSURED applicable to this policy.

NAMES

LEGAL ENTITY CODE

Herbal Enterprises, LLC
Spencer Outfitters, LLC
V&F Properties, LLC
Edison Beverage Packers, LLC
American Beverage Packers LLC
American Beverage Packers Urban Renewal LLC
Arizona Beverages of Canada Holdings
Arizona Beverages of Canada, ULC
1358 Sidney Court LLC
Arizona de Columbia Holdings LLC
Arizona de Columbia US I LLC
Arizona de Columbia US II LLC
SG/AZ LLC
Arizona Beverage Holdings, LLC
Ariznoa Beverage Holdings 2, LLC
Hornell Brewing Company, Inc.
F&V Distribution Company, LLC
Arizona Beverage Company, LLC
Mississippi Brewing Company, LLC
Arizona Beverage Company
Arizona Beverages

Legal Entity Codes:

I = Individual P = Partnership C = Corporation
J = Joint Venture T = Trust O = Other (describe) LLC

(Completion of this following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to the preparation of the Policy.)

Effective this endorsement form is part of Policy No.

Issued to

By

Date of issue

Countersigned by _____
Authorized Representative of the Company

401-0032

MULTIPLE NAMED INSURED ENDORSEMENT

The NAMED INSURED on the Common Policy Declarations is amended to include all the following as NAMED INSURED applicable to this policy.

NAMES

**LEGAL
ENTITY CODE**

Arizona Ice Tea
Arizona Iced Tea
Ferolito, Vultaggio & Sons
Arizona Beverage Co., LLC dba Florida Distributors
Arizona Beverage Holdings, LLC
Ariznoa Beverage Holdings 2, LLC

Legal Entity Codes:

I = Individual P = Partnership C = Corporation

J = Joint Venture T = Trust O = Other (describe)

(Completion of this following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to the preparation of the Policy.)

Effective this endorsement form is part of Policy No.

Issued to

By

Date of issue

Countersigned by _____
Authorized Representative of the Company

401-0032

IM441-1045 01 12

This endorsement changes
"your" policy
-- PLEASE READ THIS CAREFULLY --

Minimum Earned Premium

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

In the event of cancellation of this policy or reduction in coverage by "you" the minimum earned premium is \$50,000.

Minimum earned premium is the minimum premium "we" will retain regardless of the cancellation or amendment date of "your" policy.

If "your" policy includes reporting conditions the cancellation or amendment of the policy does not waive "your" reporting requirements as stated in "your" policy.

THIS NOTICE IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT, AS AMENDED. THIS NOTICE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY. IF THERE IS A CONFLICT BETWEEN THIS NOTICE AND THE POLICY, THE PROVISIONS OF THE POLICY SHALL APPLY.

NOTICE – ACCEPTANCE OF TERRORISM COVERAGE AND DISCLOSURE OF PREMIUM

Schedule

Disclosure of Premium:	
Total Terrorism Premium	\$ 12,002
Fire Following Premium	\$ 4,201
Other than Fire Following Premium	\$ 7,801

Coverage for “acts of terrorism,” as defined in Section 102(1) of the Terrorism Risk Insurance Act (“Act”) is included in your policy. You are hereby notified that under the Act, as amended in 2015, the definition of “act of terrorism” is:

Any act or acts that are certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States’ government by coercion.

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States government through the Department of the Treasury may pay a share of terrorism losses insured under the federal program under a formula set forth in the Act. Under this formula, the United States government generally reimburses the following percentage of covered terrorism loss which exceeds the statutorily established deductible paid by the insurance company providing the coverage: 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020.

Cap on Insurer Participation in Payment of Terrorism Losses

The Act contains a \$100 billion cap that limits the reimbursement by the United States government as well as insurers’ liability for losses resulting from certified acts of terrorism. If the aggregate of insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Act, we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

THIS NOTICE IS PROVIDED IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS NOTICE DOES NOT GRANT COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF COVERAGE UNDER THE POLICY. IF THERE IS A CONFLICT BETWEEN THIS NOTICE AND THE POLICY, THE PROVISIONS OF THE POLICY SHALL APPLY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Schedule

Disclosure of Premium:	
Total Terrorism Premium	\$ 12,002
Fire Following Premium	\$ 4,201
Other than Fire Following Premium	\$ 7,801

Disclosure of Terrorism Coverage Available

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from "acts of terrorism" defined in Section 102(1) of the Act as follows:

Any act or acts that are certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

The premium charged for this coverage is provided in the Schedule above and does not include any charges for the portion of loss that may be covered by the Federal Government as described below.

Your policy may contain other exclusions which could affect your coverage, such as an exclusion for Nuclear Events or Pollution. **Please read your policy carefully.**

Note for Commercial Property or Commercial Inland Marine Policyholders in Standard Fire States:

In your state, a terrorism exclusion makes an exception for (and therefore provides coverage for) fire losses resulting from an act of terrorism. If you reject the offer of terrorism coverage, therefore, that rejection does not apply to fire losses resulting from an act of terrorism. Coverage for such fire losses will be provided in your policy. The additional premium just for such fire coverage is shown in the Schedule above.

Disclosure of Federal Participation in Payment of Terrorism Losses

The United States government through the Department of the Treasury may pay a share of terrorism losses insured under the federal program under a formula set forth in the Act. Under this formula, the United States government generally reimburses the following percentage of covered terrorism loss which exceeds the statutorily established deductible paid by the insurance company providing the coverage: 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020.

Cap on Insurer Participation in Payment of Terrorism Losses

The Act contains a \$100 billion cap that limits the reimbursement by the United States government as well as insurers' liability for losses resulting from certified acts of terrorism. If the aggregate of insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Act, we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Rejection of Terrorism Insurance Coverage

☐ I decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Applicant/Policyholder Signature

Print Name

Date

HANOVER INSURANCE COMPANY

Insurance Company

RHY 9560593 05

Quote or Policy Number

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NOTICE OF CANCELLATION TO DESIGNATED ENTITY(S)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
HANOVER COMMERCIAL FOLLOW FORM EXCESS AND UMBRELLA POLICY
COMMERCIAL PROPERTY COVERAGE PART
BUSINESS AUTO COVERAGE FORM
BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Name of Designated Entity	Mailing Address or Email Address	Number Days Notice
ALDI INC.	1200 N. KIRK RD., BATAVIA, IL 60510	30

(Information required to complete this Schedule, if not shown above, will be shown in the Declarations.)

If we cancel this policy for any reason other than nonpayment of premium, we will give written notice of such cancellation to the Designated Entity(s) shown in the Schedule. Such notice may be delivered or sent by any means of our choosing. The notice to the Designated Entity(s) will state the effective date of cancellation.

Unless otherwise noted in the Schedule above, such notice will be provided to the Designated Entity(s) no more than the number of days in advance of the effective date of cancellation that we are required to provide to the Named Insured for such cancellation.

Such notice of cancellation is solely for the purpose of informing the Designated Entity(s) of the effective date of cancellation and does not grant, alter, or extend any rights or obligations under this policy.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

AAIS
CO 1051 04 05
Page 1 of 9

SCHEDULE OF COVERAGES COMMERCIAL OUTPUT PROGRAM

(The information required to complete this schedule will be shown below or on the "schedule of coverages".)

	Limit of Insurance
Catastrophe Limit -- The most "we" pay for any combination of or total of losses arising under one or more coverages in any one occurrence is:	\$ <u>129,261,200</u>

PROPERTY COVERAGE PART

LIMITS

-- Building Property Limit -- The most "we" pay for loss at any one "covered location" is: \$ _____

-- Business Personal Property Limit -- The most "we" pay for loss at any one "covered location" is: \$ _____

or

-- Combined Blanket Limit -- The most "we" pay for loss at any one "covered location" is: \$ _____

☒ Refer To Scheduled Locations

COVERAGE EXTENSIONS

-- Consequential Loss BUSINESS PERSONAL PROPERTY LIMIT

-- Debris Removal, Additional Expense \$ 50,000

-- Emergency Removal 365 days

-- Emergency Removal Expense \$ 5,000

-- Fraud and Deceit \$ 25,000

-- Damage From Theft POLICY LIMIT

-- Off Premises Utility
Service Interruption

- Limit \$ 50,000

☒ Overhead Transmission Lines Excluded

AAIS
CO 1051 04 05
Page 2 of 9

SUPPLEMENTAL COVERAGES

-- Brands or Labels Expense	\$ <u>50,000</u>
-- Expediting Expenses	\$ <u>50,000</u>
-- Fire Department Service Charges	\$ <u>25,000</u>
-- Inventory and Appraisal Expense	\$ <u>50,000</u>
-- Ordinance or Law (Undamaged Parts of a Building)	<u>BUILDING LIMIT</u>
-- Ordinance or Law (Increased Cost to Repair/ Cost to Demolish and Clear Site)	\$ <u>1,000,000</u>
-- Personal Effects	\$ <u>15,000</u>
-- Pollutant Cleanup And Removal	\$ <u>50,000</u>
-- Recharge of Fire Extinguishing Equipment	\$ <u>50,000</u>
-- Sewer Backup and Water Below the Surface	\$ <u>250,000</u>
-- Trees, Shrubs, and Plants	\$ <u>50,000</u>
-- Underground Pipes, Pilings, Bridges, and Roadways	\$ <u>250,000</u>

SUPPLEMENTAL MARINE COVERAGES

-- Accounts Receivable	\$ <u>250,000</u>
-- Electrical or Magnetic Disturbance of Computers	\$ <u>BUSINESS PERSONAL PROPERTY LIMIT</u>
-- Power Supply Disturbance of Computers	<u>BUSINESS PERSONAL PROPERTY LIMIT</u>
-- Virus and Hacking Coverage	
- Limit any one occurrence	\$ <u>25,000</u>
- Limit any 12 month period	\$ <u>50,000</u>
-- Fine Arts	\$ <u>100,000</u>
-- Off Premises Computers	\$ <u>25,000</u>
-- Property On Exhibition	\$ <u>50,000</u>
-- Property In Transit	\$ <u>100,000</u>

AAIS
CO 1051 04 05
Page 3 of 9

SUPPLEMENTAL MARINE COVERAGES (cont.)

-- Sales Representative Samples	\$ <u>50,000</u>
-- Software Storage	\$ <u>50,000</u>
-- Valuable Papers	\$ <u>100,000</u>

ADDITIONAL PROPERTY SUBJECT TO LIMITATIONS

-- Furs (theft)	\$10,000
-- Jewelry (theft)	\$10,000
-- Stamps, Tickets, Letters of Credit	\$5,000

COVERAGE OPTIONS (check if applicable)

☐ Actual Cash Value Applies

☐ Automatic Increase

- Automatic Increase %

☒ Scheduled Locations

- Newly Built or Acquired Buildings \$ 2,000,000

- Personal Property - Acquired Locations \$ 1,000,000

- Locations "You" Elect Not To Describe \$ 100,000

- Coinsurance %

DEDUCTIBLE

Check One

☐ Deductible Amount \$ _____

☒ Refer to Deductible Endorsements

AAIS
CO 1051 04 05
Page 4 of 9

INCOME COVERAGE PART

COVERAGE (check one)

- ☐ Income Coverage Does Not Apply
- ☒ Earnings, Rents, and Extra Expense
- ☐ Earnings and Extra Expense
- ☐ Rents and Extra Expense
- ☐ Extra Expense Only

LIMIT (check one)

- ☐ Income Coverage Limit -- The most "we" pay for loss at any one "covered location" is: \$ _____
- ☒ Refer To Scheduled Locations (check if applicable)

COVERAGE EXTENSIONS

- Interruption By Civil Authority 30 days
- Period of Loss Extension 90 days

SUPPLEMENTAL COVERAGES

- Computer Virus and Hacking
 - Limit any one occurrence \$ 25,000
 - Limit any 12 month period \$ 75,000
 - Waiting Period 12 HOURS
 - Dependent Locations \$ 100,000
 - Off Premises Utility Service Interruption
 - Limit \$ 10,000
 - Waiting Period 12 HOURS
- ☒ Overhead Transmission Lines Excluded

AAIS
CO 1051 04 05
Page 5 of 9

INCOME COVERAGE PART (cont.)

SUPPLEMENTAL COVERAGES (cont.)

-- Contract Penalty

- Limit any one occurrence \$ 25,000
- Limit any 12 month period \$ 100,000

-- Pollutants Cleanup and Removal \$ 25,000

-- Property In Transit, On Exhibition, or Custody
of Sales Representatives \$ 100,000

COVERAGE OPTIONS (check if applicable)

☒ Scheduled Locations

- Newly Built or Acquired Locations \$ 350,000
- Coinsurance 0%

☒ Waiting Period SEE CO 1280

☐ Monthly Limitation _____

FLOOD COVERAGE

☒ Not Covered

☐ Scheduled Flood Coverage

- "Catastrophe Limit" \$ _____
- Flood Deductible (\$,%) _____

☐ Blanket Flood Coverage

- "Occurrence Limit" \$ _____
- "Aggregate Limit" \$ _____
- "Catastrophe Limit" \$ _____
- Flood Deductible (\$,%) _____

AAIS
CO 1051 04 05
Page 6 of 9

EARTHQUAKE COVERAGE

☒ Not Covered

☐ Scheduled Earthquake Coverage

- "Catastrophe Limit" \$ _____

- Earthquake Deductible (\$,%) _____

☐ Blanket Earthquake Coverage

- "Occurrence Limit" \$ _____

- "Aggregate Limit" \$ _____

- "Catastrophe Limit" \$ _____

- Earthquake Deductible (\$,%) _____

EQUIPMENT BREAKDOWN COVERAGE PART

☒ Not Covered

☐ **EQUIPMENT BREAKDOWN COVERAGE**

	LIMITS	COINSURANCE
Property Damage	\$ _____	____ %
Income Coverages	\$ _____	____ %

Income Coverages

Period of Loss Extension _____ days

Coverage Options (check one)

☐ Earnings, Rents, and Extra Expense

☐ Earnings and Extra Expense

☐ Rents and Extra Expense

☐ Extra Expense Only

AAIS
CO 1051 04 05
Page 7 of 9

EQUIPMENT BREAKDOWN COVERAGE PART (cont.)

COVERAGE EXTENSIONS/SUPPLEMENTAL COVERAGES

	Limit
-- Expediting Expense	\$ _____
-- Pollutants	\$ _____
-- Ordinance or Law (Undamaged Parts of Buildings)	\$ _____
-- Ordinance or Law (Increased Cost to Repair / Cost to Demolish and Clear Site)	\$ _____
-- Off Premises Utility Service Interruption	\$ _____
-- Defense Costs	_____ covered _____

DEDUCTIBLES

Property Coverages \$ _____

Income Coverages (\$, hrs., ADV, or Combined) \$ _____

Other (describe) _____

_____ \$ _____

INCOME COVERAGE OPTIONS (describe)

OTHER CONDITIONS (describe)

AAIS
CO 1051 04 05
Page 8 of 9

SPOILAGE COVERAGE PART

☒ Not Covered

☐ **BLANKET SPOILAGE COVERAGE**

Spoilage Limits

Location Limit -- The most "we" pay for loss at any one "covered location" is: \$ _____

Catastrophe Limit -- The most "we" pay for loss in any one occurrence is: \$ _____

Spoilage Deductible \$ _____

Additional Conditions (check if applicable)

- ☐ Selling Price Valuation
- ☐ Refrigeration, Maintenance, or Service Agreement

☐ **SCHEDULED SPOILAGE COVERAGE**

Spoilage Limits

Catastrophe Limit -- The most "we" pay for loss in any one occurrence is: \$ _____

Spoilage Deductible \$ _____

Additional Conditions (check if applicable)

- ☐ Selling Price Valuation
- ☐ Refrigeration, Maintenance, or Service Agreement

Perils Covered (check if applicable)

- ☐ Breakdown, Malfunction, or Failure (Equipment Breakdown)
- ☐ Refrigerant Contamination (Equipment Breakdown)
- ☐ Refrigerant Contamination (Other Causes Of Loss)
- ☐ Power Disruption (Equipment Breakdown)
- ☐ Power Disruption (Other Causes Of Loss)

AAIS
CO 1051 04 05
Page 9 of 9

OPTIONAL COVERAGES AND ENDORSEMENTS

* Coinsurance is 0%, except for Stock where coinsurance is 100%

CO 1051 04 05

EQUIPMENT BREAKDOWN SCHEDULE – COMMERCIAL OUTPUT POLICY EQUIPMENT BREAKDOWN COVERAGE

	LIMITS	COINSURANCE
Property Damage	\$ 57,934,000	* %
Income Coverages	\$ 8,577,200	0 %

INCOME COVERAGES

Period of Loss Extension 90 days

Dependent Locations – \$ 25,000

This limit is part of and not in addition to the Income Coverages Limit:

Coverage Options (check one)

- ☒ Earnings, Rents, and Extra Expense
- ☐ Earnings and Extra Expense
- ☐ Rents and Extra Expense
- ☐ Extra Expense Only

COVERAGE EXTENSIONS

LIMITS

Data Restoration \$ 250,000

Expediting Expenses \$ 250,000

Hazardous Substances \$ 250,000

Off Premises Equipment Breakdown \$ 10,000

Ordinance or Law (Undamaged Parts of Buildings) \$ PROPERTY AMOUNT (COMBINED WITH ORDINANCE OR LAW LIMIT NOT TO EXCEED \$2.5 MILLION)

Ordinance or Law (Increased Cost to Repair/Cost to Demolish and Clear Site) \$ COMBINED WITH INCOME COVERAGE

LIMITS

COINSURANCE

Service Interruption \$ COMBINED WITH INCOME COVERAGE

Spoilage \$ 250,000 0 %

Defense Costs covered

DEDUCTIBLES

Property Coverages \$ 50,000

Income Coverages (\$, hrs., ADV, or Combined) 72 HOURS, EXCEPT 120 HOURS FOR ALL FL LOCATIONS

Other (describe)

INCOME COVERAGE OPTIONS (describe)

OTHER CONDITIONS (describe)

221-0163 (10/03) A

*COINSURANCE IS 0%, EXCEPT FOR STOCK, WHERE COINSURANCE IS 100%

AAIS
CO 1052 04 02
PAGE 1 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
1	60 CROSSWAYS PARK DRIVE WEST
	WOODBURY, NY 11797

Covered Property/ Coverage Provided (describe)	Limit
IMPROVEMENTS & BETTERMENTS	\$ 7,000,000
BUSINESS PERSONAL PROPERT/FORKLIFTS	\$ 3,000,000
EDP/MACHINERY & EQUIPMENT	\$ 2,710,000
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 1,750,000

Loc. No.	Covered Location (describe)
2	700 COLUMBIA ST, BLDG B300A
	BROOKLYN, NY 11231

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 400,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 750,000
	\$
	\$
	\$

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PAGE 2 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
3	2450 COPANS ROAD
	POMPANO BEACH, FL 33064

Covered Property/ Coverage Provided (describe)	Limit
BUILDING	\$ 5,000,000
PERSONAL PROPERTY	\$ 400,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 1,500,000
	\$
	\$

Loc. No.	Covered Location (describe)
4	45 CAMPTOWN ROAD
	MAPLEWOOD, NJ 07040

Covered Property/ Coverage Provided (describe)	Limit
BUILDING	\$ 7,600,000
BUSINESS INCOME/EXTRA EXPENSE/RENTS	\$ 607,000
	\$
	\$
	\$

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CO 1052 04 02
PAGE 3 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
5	30 CLEARVIEW ROAD
	EDISON, NJ 08837

Covered Property/ Coverage Provided (describe)	Limit
BUILDING	\$ 30,000,000
PERSONAL PROPERTY	\$ 400,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 2,832,200
	\$
	\$

Loc. No.	Covered Location (describe)
6	644 LINN STREET
	CINCINNATI, OH 45202

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

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PAGE 4 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
7	1909 US HWY 301 N, SUITE 130-D
	TAMPA, FL 33619

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

Loc. No.	Covered Location (describe)
8	255 NW 12 TH STREET, UNIT B
	FLORIDA CITY, FL 33034

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

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CO 1052 04 02
PAGE 5 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
9	12751 GRAN BAY PARKWAY
	JACKSONVILLE, FL

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

Loc. No.	Covered Location (describe)
10	8350 PARKLINE BLVD, UNIT 14
	ORLANDO, FL 32809

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 500,000
	\$
	\$
	\$

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PAGE 6 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
11	1165 EAST 165 TH STREET
	BRONX, NY 10459

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 138,000
	\$
	\$
	\$

Loc. No.	Covered Location (describe)
12	1685 TARGET COURT, UNIT 18
	FORT MYERS, FL 33905

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

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CO 1052 04 02
PAGE 7 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc. No.	Covered Location (describe)
13	1358 SIDNEY COURT
	SEAFORD, NY 11783

Covered Property/ Coverage Provided (describe)	Limit
BUILDING	\$ 424,000
	\$
	\$
	\$
	\$

Loc. No.	Covered Location (describe)
14	2600 S. 25 TH AVE, SUITE Q
	BROADVIEW, IL 60155

Covered Property/ Coverage Provided (describe)	Limit
PERSONAL PROPERTY	\$ 100,000
BUSINESS INCOME/EXTRA EXPENSE	\$ 100,000
	\$
	\$
	\$

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CO 1052 04 02
PAGE 8 OF 8

LOCATION SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc.
No.

Covered Location (describe)

UNNAMED LOCATIONS

Covered Property/

Coverage Provided (describe)

Limit

BUSINESS PERSONAL PROPERTY/FORKLIFT

\$ 100,000

\$

\$

\$

\$

Loc.
No.

Covered Location (describe)

Covered Property/

Coverage Provided (describe)

Limit

\$

\$

\$

\$

\$

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Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

MULTIPLE DEDUCTIBLE SCHEDULED LOCATIONS AND PROPERTY

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

HOW MUCH WE PAY

The deductible provision is deleted and replaced by the following:

For the locations described on this schedule, "we" pay only that part of "your" loss over the deductible amount indicated for the described location, in any one occurrence.

All other "covered locations" not described on the Multiple Deductible schedule

\$ SEE BELOW

<u>Location No.</u>	<u>Location</u>
<u>ALL</u>	<u>ALL COVERED LOCATIONS PER FORM CO1052</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

<u>Location No.</u>	<u>Property/Coverage Deductible Applies to</u>	<u>Deductible</u>
<u>ALL</u>	<u>BUILDING</u>	<u>\$ 50,000</u>
<u>ALL</u>	<u>IMPROVEMENTS & BETTERMENTS</u>	<u>\$ 50,000</u>
<u>ALL</u>	<u>BUSINESS PERSONAL PROPERTY</u>	<u>\$ 1,000</u>
<u>ALL</u>	<u>STOCK</u>	<u>\$ 1,000</u>
<u>ALL</u>	<u>TRANSIT</u>	<u>\$ 5,000</u>
<u> </u>	<u> </u>	<u>\$ </u>

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Page 1 of 2

**CRIME SCHEDULE
BLANKET LIMITS**

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

LIMITS (check if coverage is applicable)

☒ **Employee Fraud and Dishonesty Coverage**

Limit - The most "we" pay for loss in any
one occurrence is: \$ *

Deductible Amount: \$ 1,000

☒ **Money and Securities Coverage**

Limit - The most "we" pay for loss in any
one occurrence at "covered locations" is: \$ *

Limit - The most "we" pay for loss in any
one occurrence away from "covered
locations" is: \$ *

Deductible Amount: \$ 1,000

LOCATION COVERAGE (check one)

☒ Blanket Location Coverage -- Coverage(s) indicated above under Limits applies to all
"covered locations".

☐ Schedule Location Coverage -- Refer to Crime Schedule - Covered Locations

COVERAGE EXTENSIONS

Limit

Employee Fraud and Dishonesty -- Outside
the Coverage Territory \$ COVERED
90days

Money and Securities -- Conveyance by
Armored Vehicle \$ COVERED

SUPPLEMENTAL COVERAGE

Limit

Inventory and Proof of Loss Expense: \$ 5,000

Loss Sustained Prior To The Policy Period: covered

AAIS
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Page 2 of 2

COVERAGE OPTIONS (check if applicable)

☐ Actual Cash Value - "Other Covered Property"

EMPLOYEE WELFARE OR PENSION BENEFIT PLAN

Named Plan:

CANCELLATION OF PRIOR INSURANCE

By acceptance of this Policy which includes a Crime Coverage Part, "you" give "us" notice canceling prior Policy or Bond numbers, the cancellation to be effective at the time this Policy becomes effective.

OPTIONAL ENDORSEMENTS

* CATASTROPHE LIMIT IS BLANKET: \$450,000 LIMIT

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Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
1	6965 ARAGON CIRCLE BUENA PARK, CA 90620	\$3,000,000
2	10119 OLD VALLEY PIKE MT. JACKSON, VA 22842	\$600,000
3	925 S. THIRD ST. LACROSSE, WI 54601	\$500,000
4	4500 EAST GATE PKWY MISSISSAGUA, CANADA	\$650,000
5	20205 HIGHWAY 27 NORTH LAKE WALES, FL 33853	\$400,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
6	255 JACKSONVILLE HWY FITZGERALD, GA 31750	\$550,000
7	2090 BARTOW ROAD LAKELAND, FL 33801	\$2,500,000
8	1505 ORRTANA RD ORRTANA, PA 17353	\$400,000
9	800 PEACH GLEN-IDAVILLE RD PEACH GLEN, PA 17375	\$1,000,000
10	815 KALAMAZOO ST. PAW PAW, MI 49079	\$750,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CO 1076 04 02
Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
11	53 EAST HANOVER ST BIGLERVILLE, PA 17307	\$750,000
12	45 CAMPTOWN RD MAPLEWOOD, NJ 07040	\$5,000,000
13	50 CAMPTOWN RD MAPLEWOOD, NJ 07040	\$Incl in Loc #12
14	1226 N. OLIVER STREET ANAHEIM, CA 92801	\$250,000
15	2286 STONE BOULEVARD WEST SACRAMENTO, CA 95691	\$1,500,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CO 1076 04 02
Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
16	3010 SADDLECREEK RD LAKELAND, FL 33801	\$2,500,000
17	6565 KNOTT AVE. BUENA PARK, CA 90620	\$3,000,000
18	20 HARVARD RD. LITTLETON, MA 01460	\$500,000
19	1701 S. LEE AVE FT. GIBSON, OK 74434	\$300,000
20	92 NORTH MAIN ST. WHARTON, NJ 07885	\$1,600,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
16	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
21	92 NORTH MAIN ST. WHARTON, NJ 07885	\$1,600,000
22	101 SYLVANIA PLACE S. PLAINFIELD, NJ 07080	\$1,500,000
23	2125 BARK CREEK FREEMONT, OH 43420	\$1,000,000
24	400 OLD MILWAUKEE LANE WINSTON SALEM, NC 27107	\$4,000,000
25	20730 PRAIRIE STREET CHATSWORTH, CA 91311	\$2,000,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
21	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CO 1076 04 02

AAIS
CO 1076 04 02
Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
26	124 CARSON ROAD BIRMINGHAM, AL 35215	\$3,000,000
27	1001 FISHER ROAD LONGVIEW, TX 75604	\$500,000
28	1070 COUNTY LINE ROAD LAKELAND, FL 33815	\$750,000
29	500 WINSOR STREET YORK, PA 17403	\$750,000
30	926 S. WAVERLY ROAD HOLLAND, MI 49423	\$500,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
26	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
28	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
29	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
30	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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AAIS
CO 1076 04 02
Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
31	105 BOLIVAR DRIVE BRADFORD, PA 16701	\$500,000
32	1801 CLARK ROAD HAVRE DE GRACE, MD 21078	\$3,000,000
33	220 ST. NICHOLAS AVE SOUTH PLAINFIELD, NJ 07080	\$14,500,000
34	23 PROGRESS STREET EDISON, NJ 08820	\$Incl in Loc #34
35	2201 W. MARYLAND ST. EVANSVILLE, IN 47712	\$500,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
31	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
32	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
33	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
34	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
35	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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AAIS
CO 1076 04 02
Page 1 of 1

SCHEDULE OF DEPENDENT LOCATIONS SEPARATE LIMITS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Location No.	Covered Locations	Limit
36	3209 FARBER DRIVE CHAMPAIGN, IL 61822	\$500,000
37	2009 WEST AVE SOUTH LACROSSE, WI 54601	\$500,000
38	2281 S. US 31 SCOTTSBURG, IN 47170	\$500,000
39	5510 COURSEVIEW DRIVE MASON, OH 45040	\$500,000
40	2006 LIBERTY AVE LAWRENCEBURG, TN 38464	\$400,000
	Limit	

Unscheduled Dependent Locations

\$NOT COVERED

Type of Location (check if applicable)

Location No.	Contributing	Recipient	Leader	Manufacturing
36	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
37	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
38	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
39	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
40	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CO 1076 04 02

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AAIS
CO 1072 04 02
Page 1 of 1

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- ☒ Loss Payable
☐ Lender's Loss Payable
☐ Contract of Sale
-

SCHEDULE

<u>Location</u>	<u>Covered Property</u>	<u>Name and Address of Loss Payee</u>
700 Columbia Street Bldg. B300A Brooklyn, NY 11231	Personal Property	Erie Basin Marine Assoc. 1095 Amboy Ave. Edison, NJ 08837
30 Clearview Road Edison, NJ 08837	Building, Personal Property	North American Beverage Packers, LLC; C/O DV Capital 60 Crossways Park Drive West, 4th Floor Woodbury, NY 11797
1 Arizona Plaza aka 60 Park Drive West Wayne, PA 19087	Leased Office Equipment	De Lage Landen 1111 Old Eagle School Rd. Wayne, PA 19087
	2- 2012 Forklifts	NMGH Financial Services, Inc., ISAOA, PO Box 35702 Billings, MT 59107

CO 1072 04 02

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AAIS
CO 1072 04 02
Page 1 of 1

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- ☒ Loss Payable
☐ Lender's Loss Payable
☐ Contract of Sale
-

SCHEDULE

<u>Location</u>	<u>Covered Property</u>	<u>Name and Address of Loss Payee</u>
		Toyota Motor Credit Corp. PO Box 3457 Torrance, CA 90510
	Lease Equipment	Citi Finance, LLC C/O ABIC 5th Floor PO Box 979220 Miami, FL 33197
	1358 Sidney Court Seaford, NY 11783	1358 Seaford LLC 1358 Sidney Court Seaford, NY 11783

CO 1072 04 02

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AAIS
CO 1072 04 02
Page 1 of 1

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- ☐ Loss Payable
- ☒ Lender's Loss Payable
- ☐ Contract of Sale
-

SCHEDULE

<u>Location</u>	<u>Covered Property</u>	<u>Name and Address of Loss Payee</u>
	ALL COVERED LOCATIONS	JPMORGAN CHASE BANK, N.A. AS ADMINISTRATIVE AGENT ISAOA/ATIMA 106 CORPORATE PARK DRIVE 2ND FLOOR WHITE PLAINS, NY 10604

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

The following is added and made part of "your" Equipment Breakdown coverage, form 411-0964:

If the Scheduled Locations Endorsement is attached to the policy, the "terms" of that endorsement apply to Equipment Breakdown for those "covered locations" described on the Location Schedule and subject to any applicable "limits". Also, if a coinsurance percentage(s) is indicated on the "Schedule of Coverages", then the same coinsurance percentage(s) apply for Equipment Breakdown.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective _____ this endorsement forms a part of Policy No. _____

Issued to _____

By _____

Date of Issue _____

Countersigned by _____
Authorized Representative of the Company

A _____



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

REPORTING COVERAGE

REPORTING PERIOD: MONTHLY
ADJUSTMENT PERIOD: ANNUALLY

LOCATIONS COVERED: AS PER MONTHLY REPORTS

VALUES TO BE REPORTED: STOCK, INVENTORY, MACHINERY & EQUIPMENT

FLORIDA LOCATIONS USED FOR BOTTLING AND WAREHOUSING:

LIMIT OF LIABILITY: AS PER LAST MONTHLY REPORT ON FILE
AT LOCATION 3010 SADDLECREEK ROAD, LAKE LAND, FL 33801
MAXIMUM LIMIT OF LIABILITY: \$23,000,000.
ALL OTHER FLORIDA LOCATIONS, MAXIMUM LIMIT OF LIABILITY: \$5,500,000.
20% MARGIN CLAUSE
RATE: \$0.08/ \$100 MONTH FOR STOCK, INVENTORY, MACHINERY & EQUIPMENT.

ALL OTHER LOCATIONS USED FOR BOTTLING AND WAREHOUSING:

LIMIT OF LIABILITY: AS PER LAST MONTHLY REPORT ON FILE
MAXIMUM LIMIT OF LIABILITY: \$36,000,000
20% MARGIN CLAUSE
RATE: \$0.13 / \$100 MONTH FOR STOCK, MACHINERY & EQUIPMENT.

DEDUCTIBLE: \$50,000 EXCEPT FOR WINDSTORM
TOTAL DEPOSIT PREMIUM: \$280,000
MINIMUM ANNUAL PREMIUM: \$50,000

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective _____ this endorsement forms a part of Policy No. _____

Issued to _____

By _____

Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

B



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

MARGIN CLAUSE - BUILDING, BUSINESS PERSONAL PROPERTY & STOCK
FOR SCHEDULED AND REPORTING LOCATIONS

This endorsement modifies the COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART FORM, CO1000 10/02 AND REPORTING ENDORSEMENT.

With respect to the insurance provided under the above forms, the most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, except as provided below:

The most we will pay for loss or damage for covered property under the Property Covered Section, paragraph 1 Covered Building Property on page 6 of 31 and paragraph 1 Covered Business Personal Property on page 7 of 31 in any one occurrence for any one building or any one structure, or your business personal property at any one location will be the least of the following:

- a. The percentage indicated in the Schedule of the building and/or personal property reported value(s) for each location as shown on the Declarations page or in the Schedule, less applicable deductible(s). Combined building and business personal property values may also be shown.
- b. The actual adjusted amount of loss covered by this policy less applicable deductible(s).

ALL OTHER TERMS AND CONDITIONS NOT AFFECTED BY THIS ENDORSEMENT REMAIN UNCHANGED.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective _____ this endorsement forms a part of Policy No. _____

Issued to _____

By _____

Date of Issue _____

Countersigned by _____
Authorized Representative of the Company

C



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

WINDSTORM OR HAIL SCHEDULE FOR REPORTING PROPERTY

Windstorm Deductible for Reporting Property:

Florida -

Tampa: 1% of values with \$50,000 minimum

Florida City: 2% of values with \$50,000 minimum

Jacksonville and Orlando: \$50,000 minimum

Lakeland locations: 2% of values with \$50,000 minimum

Pompano Beach: 5% of values with \$50,000 minimum

Lake Wales and all other Florida locations: 2% of values with \$50,000 minimum

All other locations: \$50,000

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective _____ this endorsement forms a part of Policy No. _____

Issued to _____

By _____

Date of Issue _____

Countersigned by _____
Authorized Representative of the Company

D _____

AAIS
CL 0100 03 99
Page 1 of 1

COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.
3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

CL 0100 03 99

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AAIS
CL 0140 02 05
Page 1 of 4

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

AMENDATORY ENDORSEMENT NEW YORK

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation, Nonrenewal, and Conditional Renewal --

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy by written notice to "you" at the address shown on the policy and to "your" authorized agent or broker. "Our" notice will specify the grounds for cancellation. Proof of delivery or mailing is sufficient proof of notice. If "we" cancel this policy for nonpayment of premium, "our" notice will include the amount of premium due.

If this policy has been in effect for 60 days or less, "we" may cancel for any reason.

If this policy has been in effect for more than 60 days, or if it is a renewal of a policy issued by "us", "we" may cancel only for one or more of the following reasons:

- 1) the premium has not been paid when due;
- 2) "your" conviction of a crime arising out of acts increasing the hazard insured against;
- 3) discovery of fraud or material misrepresentation in obtaining the policy or in the presentation of a claim thereunder;

- 4) after issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition that substantially and materially increases the hazard insured against and which occurred subsequent to inception of the current policy period;
- 5) material physical changes in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which result in the property becoming uninsurable in accordance with "our" objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- 6) a determination by the Superintendent of Insurance that continuation of "our" present premium volume would jeopardize "our" solvency or be hazardous to the interests of "our" policyholders, creditors, or the public;
- 7) a determination by the Superintendent that a continuation of the policy would violate, or would place "us" in violation of, any provision of New York Insurance Laws; or

8) where "we" have reason to believe, in good faith and with sufficient cause, that there is a probable risk or danger that "you" will destroy, or permit to be destroyed, "your" property for the purpose of collecting the insurance proceeds.

If "we" cancel this policy for any of the reasons listed in a.1) through 8), "we" will mail or deliver written notice at least 15 days before cancellation is effective.

If "we" cancel this policy for any other reason during the first 60 days this policy is in effect, "we" will mail or deliver written notice at least 20 days before cancellation is effective.

If "we" cancel this policy for reason 8) above, "we" will advise "you" that "you" must act within ten days if "you" desire a review by the Insurance Department. "We" will also simultaneously notify the Insurance Department of "our" cancellation of "your" policy.

- b. "We" may not renew or not renew with the same "terms", conditions, or rates, this policy by written notice to "you" at the address shown in the policy and to "your" authorized agent or broker. Proof of delivery or mailing is sufficient proof of notice. These nonrenewal or conditional renewal requirements will not apply when "you", an agent or broker authorized by "you", or another insurer of "yours" has mailed or delivered written notice to "us" that the policy has been replaced or is no longer desired.

If "we" do not renew this policy, "we" will mail or deliver written notice at least 60 days, but not more than 120 days, before the end of the policy period or the anniversary date. "Our" notice will specify the grounds for nonrenewal.

If "we" decide not to renew this policy with the same "terms", conditions, or rates, "we" will mail or deliver written notice of conditional renewal at least 60 days, but not more than 120 days, before the end of the policy period or anniversary date. "Our" notice will state the reasons for conditional renewal and set forth the amount of any premium increase and the nature of any other proposed changes. This provision applies to renewal conditioned upon change of "limits", change in type of coverage, reduction of coverage, increased deductible, addition of exclusion, or upon increased premiums in excess of 10% (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating or loss rating).

If "we" notify "you" of "our" intent not to renew or not to renew with the same "terms", conditions, and rates:

- 1) at least 30 days but less than 60 days prior to the expiration date of the policy, coverage will continue on the same "terms" and conditions as the expiring policy and at the lower of the current rates or the prior policy period rates, until 60 days after the notice is mailed or delivered to "you". If "we" offer to renew with different "terms", conditions, or rates and "you" elect to renew the coverage, the "terms", conditions, and rates set forth in the conditional notice apply as of the renewal date;

AAIS
CL 0140 02 05
Page 3 of 4

- 2) less than 30 days prior to the expiration date of the policy, coverage will continue on the same "terms" and conditions as the expiring policy, and at the lower of the current rates or the prior policy period rates, until 60 days after the notice is mailed or delivered to "you". If "we" offer to renew with different "terms", conditions, or rates and "you" elect to renew the coverage, the "terms", conditions, and rates set forth in the conditional notice apply after the expiration of the 60 day period; or
- 3) on or after the expiration date of the policy; coverage will continue on the same "terms" and conditions as the expiring policy for another required policy period, and at the lower of the current rates or the prior policy period rates.

Required policy period means a period of one year from the date as of which a covered policy is renewed or first issued.

- c. As an alternative, "we" may notify "you", in writing, at the address shown in the policy and "your" authorized agent or broker of "our" intent not to renew or not to renew with the same "terms", conditions, and rates by giving written notice at least 60 days, but not more than 120 days, before the expiration date of the policy. In that case, coverage will continue on the same "terms", conditions, and rates until either:
 - 1) the expiration date; or
 - 2) 60 days after "we" give a second notice which indicates "our" decision to either not renew this policy or that this policy will be continued with changes in policy "terms", conditions, and rates;

whichever is later.

"Our" second notice will state either the reasons for nonrenewal or the reasons for conditional renewal and set forth the amount of any premium increase and the nature of any other proposed changes.

- d. This item applies to the Commercial Liability Coverage only, if applicable. If the policy period is extended, the aggregate "limits" of this policy will be increased in proportion to any policy period extension, and the last sentence under How Much We Pay will be deleted.
- e. "Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

2. Under Common Policy Conditions, Change, Modification, or Waiver of Policy Terms is deleted and replaced by the following:

Change, Modification, or Waiver of Policy Terms -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid. If "we" adopt a revision which broadens coverage under this edition of "our" policy without an additional premium during the policy period, or within six months before this coverage is effective, the broadened coverage will apply. If a change in forms or endorsements reduces coverage or "limits", "we" must notify "you" as provided under the nonrenewal "terms" contained in this policy.

If this policy has no expiration date, "we" may substitute or "we" may add, at each anniversary date, forms that are then authorized for use.

3. Under Common Policy Conditions, Examination of Books and Records is deleted and replaced by the following:

AAIS
CL 0140 02 05
Page 4 of 4

Examination of Books and Records --

"We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

- a. "We" will perform an audit to determine the final premium for policies if the initial premium is based on an estimate of "your" exposure base. This audit will be performed within 180 days after the expiration of the policy, unless the policy is continuous or for a period longer than one year, in which case the audit will be performed within 180 days of the anniversary date. This audit may not be waived except when the total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500.

- b. "We" will, as soon as is practical after such audit, refund or credit "your" account for any return premium due "you", or bill and make a good faith effort to collect any additional premium due "us" as a result of the audit.
- c. If "you" fail to cooperate with "us" in "our" attempt to conduct such audit, including failure to return any questionnaires or self-audit worksheets, "we" may nonrenew this policy upon completion of the current policy period, in accordance with the provisions of section 3426 of the Insurance Law, due to "our" inability to establish a proper premium for "you".

CL 0140 02 05

AAIS
CL 0700 02 07
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

VIRUS OR BACTERIA EXCLUSION

DEFINITIONS

Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
- b. any denial of access to property because of any virus, bacterium, or other microorganism.

OTHER CONDITIONS

Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

CL 0700 02 07

AAIS
CO 0278 04 02
Page 1 of 2

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

AMENDATORY ENDORSEMENT NEW YORK

1. Under Definitions, the definition of "pollutant" is deleted and replaced by the following:

"Pollutant" means any solid, liquid, gaseous, or thermal irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of.
2. Under Supplemental Coverages, item 10. Rewards is deleted.
3. Under Perils Excluded, the following War and Military Action exclusion, wherever it appears, is deleted:

War and Military Action -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

The deleted exclusion is replaced by the following:

War and Military Action -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or

- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.
4. Under Perils Excluded, Computer Virus or Computer Hacking, item 2.c. of the Property Coverage Part, is amended to include the following:

But if computer virus and hacking results in a covered peril, "we" cover the loss or damage caused by that covered peril.

5. Under Perils Excluded, Criminal, Fraudulent, Dishonest, or Illegal Acts, item 2.e. of the Property Coverage Part and items 2.a. of the Crime Coverage Parts, if applicable, are amended to include the following:

However, this exclusion does not apply to an otherwise covered fire loss suffered by an insured who did not cooperate in or contribute to the act that caused the loss.

Subject to all other "terms" of this policy, "our" payment to an insured who did not cooperate in or contribute to the act that caused the loss may be limited to that person's insurable interest in the property, less any payment made to a mortgagee or other party with a legal secured interest in the property. "We" retain all rights set forth in the Subrogation condition of this policy with regard to action against the perpetrator of the act that caused the loss.

AAIS
CO 0278 04 02
Page 2 of 2

6. Under What Must Be Done In Case Of Loss, Notice is deleted and replaced by the following:

Notice -- In case of loss:

- a. "you" or someone acting on "your" behalf must give "us" or any of "our" agents in the state prompt notice, including sufficient information to identify "you", the property insured, and the time and place of the loss or damage ("we" may request written notice);
- b. "you" must give notice to the police when the act that causes the loss is a crime; and
- c. "you" must give notice to the credit card company if the loss involves a credit card.

7. Under Loss Payment, the following provision is added:

Estimate of Damages to Real Property -- If, in the process of adjusting a claim, "we" have prepared an estimate of damages to real property or had such an estimate prepared for "our" own purposes, "you" may request a copy. If "you" request it, "we" will provide a copy of the estimate to "you", or to someone else "you" designate in writing, within 30 days after "your" request or within 30 days after the estimate is prepared, whichever is later.

8. Under Other Conditions, Misrepresentation, Concealment, or Fraud is deleted and replaced by the following:

Misrepresentation, Concealment, or Fraud

-- This policy is void if, when applying for coverage and as an inducement to issue the policy, "you" or someone "you" authorize, misrepresented to "us" a past or present fact that is material to the risk.

"We" do not provide coverage for an "insured" who has, before or after a loss:

a. willfully concealed or misrepresented:

- 1) a material fact or circumstance with respect to this insurance; or
- 2) an "insured's" interest herein; or

b. engaged in fraudulent conduct or sworn falsely with respect to this insurance or the subject thereof.

No misrepresentation will be considered material unless "our" knowledge of the facts misrepresented would have led "us" to refuse to issue the policy.

9. Under other Conditions, the following condition is added:

Tax Liens -- For any covered loss by fire, if "we" have received a certificate of lien from any tax district pursuant to New York statutes, "we" will deduct the amount of the lien from the amount payable to "you" and pay that amount to the tax district. When "we" pay the lien amount to the tax district, "we" will be released from any obligation to pay that amount to "you". Payment of the lien amount within 30 days of "our" receipt of the certificate of lien will be a conclusive presumption that the lien amount was valid and properly paid.

CO 0278 04 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

CERTIFIED TERRORISM LOSS

1. The following definitions are added.
 - a. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States:
 - 1) to be an act of terrorism;
 - 2) to be a violent act or an act that is dangerous to human life, property, or infrastructure;
 - 3) to have resulted in damage:
 - a) within the United States; or
 - b) to an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission;
 - 4) to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion; and
 - 5) to have resulted in insured losses in excess of five million dollars in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, as amended.
 - b. "Certified terrorism loss" means loss that results from a "certified act of terrorism".
2. The "terms" of any terrorism exclusion that is part of or that is attached to this Coverage Part are amended by the following provision:

This exclusion does not apply to "certified terrorism loss".
 3. The following provision is added.

If the Secretary of the Treasury determines that the aggregate amount of "certified terrorism loss" has exceeded one hundred billion dollars in a calendar year (January 1 through December 31), and "we" have met "our" insurer deductible under the Terrorism Risk Insurance Act, as amended, "we" will not pay for any portion of "certified terrorism loss" that exceeds one hundred billion dollars. If the "certified terrorism loss" exceeds one hundred billion dollars in a calendar year (January 1 through December 31), losses up to one hundred billion dollars are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury under the Terrorism Risk Insurance Act, as amended.
 4. The following provisions are added.
 - a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to this Coverage Part provide coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion; and
 - b. the absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion.

AAIS
CO 1000 10 02
Page 1 of 31

COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Commercial Output Program. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "schedule of coverages".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Accident" means direct physical loss as follows:
 - a. mechanical breakdown;
 - b. rupturing or bursting of moving parts of machinery caused by centrifugal force;
 - c. loss caused by arcing or electrical currents other than lightning;

- d. explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control;
 - e. loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment; or
 - f. loss to hot water boilers or heaters caused by any condition or occurrence within such equipment.
4. "Business" means the usual business operations occurring at "covered locations" including the tenantability of "covered locations" when the selected coverage option includes "rents".
5. "Computers" means:
 - a. "hardware" owned by "you" or in "your" care, custody, or control; or
 - b. "software".
6. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by "you" or not, into a "computer", a Web site, or a "computer" network and that results in but is not limited to:
 - a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. observation, scanning, or copying of "data records", "programs and applications", and "proprietary programs";

AAIS
CO 1000 10 02
Page 2 of 31

- d. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - e. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
7. "Computer virus" means the introduction into a "computer", "computer" network, or Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:
- a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - d. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
8. "Covered equipment", unless otherwise specified in a schedule, means equipment:
- a. that generates, transmits, or utilizes energy; or
 - b. which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Such equipment must be covered property, except as specifically provided for under Utility Service Interruption coverage and the Spoilage Coverage Part.

"Covered equipment" does not mean:

- a. equipment manufactured by "you" for sale;

- b. buildings, structures, or compartments that cover or house "covered equipment";
 - c. foundations that support "covered equipment";
 - d. sewage and other underground piping and vessels, water piping, or sprinkler system piping. However, "we" cover:
 - 1) boiler feedwater and condensate return piping; and
 - 2) water piping for heating, air conditioning, or refrigeration systems;
 - e. "mobile equipment", including but not limited to draglines or other excavation equipment;
 - f. aircraft or watercraft and their motors, equipment, and accessories;
 - g. automobiles, motor trucks, tractors, trailers, and similar conveyances and their motors, equipment, and accessories. However, any property that is stationary, permanently installed at a "covered location", and receives electrical power from an external power supplier will not be considered an automobile, motor truck, tractor, or trailer; or
 - h. "computers".
9. "Covered location" means any location or premises where "you" have buildings, structures, or business personal property covered under this coverage.

However, if the Scheduled Locations Endorsement is added to this policy, "covered location" means a location that is described on the Location Schedule.

"Covered location" does not mean vehicles containing covered property, except vehicles on or within 1,000 feet of the premises of any covered building or structure.

AAIS
CO 1000 10 02
Page 3 of 31

10. "Data records" means files, documents, and information in an electronic format and that are stored on "media".
11. "Dependent locations" means locations that are operated by others and that "your" "business" depends on, as described below. Dependent locations includes but is not limited to:
 - a. contributing locations, these are "your" suppliers' locations or locations of suppliers that deliver services or materials to others for "your" account. Contributing locations do not include suppliers of:
 - 1) water;
 - 2) telecommunications, including but not limited to Internet service providers; or
 - 3) power;
 - b. recipient locations, these are locations that receive "your" products;
 - c. leader locations, these are locations that attract customers to "your" "business"; or
 - d. manufacturing locations, these are locations that make products for delivery to "your" customers under contract of sale.
12. "Fine arts" means bona fide works of art of rarity, historical value, or artistic merit, including but not limited to paintings, etchings, pictures, tapestries, and art glass windows.
13. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from any of these whether driven by wind or not.
14. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. "Hardware" includes but not limited to:
 - a. mainframe and mid-range computers and servers;
 - b. personal computers and workstations;
 - c. laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
 - d. peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.
15. "Limit" means the amount of coverage that applies.
16. "Media" means an instrument that is used with "hardware" and on which "data records", "programs and applications", and proprietary programs can be recorded or stored. "Media" includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.
17. "Mobile equipment" means:
 - a. contractors' equipment or similar equipment of a mobile or floating nature;
 - b. self-propelled vehicles designed and used primarily to carry mounted equipment; or
 - c. vehicles designed for highway use that are unlicensed and not operated on public roads.
18. "Money" means currency, bullion, coins, bank notes in current use, and traveler's checks, register checks, and money orders held for sale to the public.
19. "Off-site server" means a server for "your" Web site that is being maintained or operated by and that is located at the premises of:
 - a. an independent contractor acting as "your" Web host; or
 - b. "your" Internet service provider that is acting as "your" Web host.

20. "One accident" means:

When an initial "accident" causes or results in other "accidents", all of the "accidents" will be considered "one accident". All "accidents" that are the result of the same occurrence will be considered "one accident".

21. "Perishable stock" means personal property preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

22. "Pollutant" means:

- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including but not limited to acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
- b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

23. "Programs and applications" means operating programs and applications that "you" purchase and that are:

- a. stored on "media"; or
- b. pre-installed and stored in "hardware".

Applications includes, but is not limited to, programs for word processing, spreadsheet calculations, and graphic design.

24. "Proprietary programs" means proprietary operating programs and applications that "you" developed or that "you" had developed specifically for "you" and that are:

- a. stored on "media"; or
- b. installed and stored in "hardware".

25. "Rents" means "your" actual loss of:

- a. rental income from a "covered location" as furnished or equipped by "you", less any expenses that do not continue;

- b. the fair rental value of any part of a "covered location" that "you" occupy, less any expenses that do not continue; and
- c. other charges for which a tenant is legally obligated and which "you" would otherwise be obligated.

26. "Restoration period" means:

- a. The time it should reasonably take to resume "your" "business" to a similar level of service starting from the date of a physical loss of or damage to property at a "covered location" that is caused by a covered peril and ending on the date:
 - 1) the property should be rebuilt, repaired, or replaced; or
 - 2) business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.

- b. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:

- 1) regulates the construction, use, or repair of any property; or
- 2) requires the demolition of any property, in part or in whole, not damaged by a covered peril.

However, except as provided under Supplemental Income Coverage, Pollutant Cleanup and Removal, "we" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

The ordinance, law, or decree must be in force at the time of loss.

- c. Only as regards coverage described under Dependent Locations in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage to a "dependent location" caused by a covered peril, and ending on the date:
- 1) the property at the "dependent location" should be rebuilt, repaired, or replaced; or
 - 2) business is resumed at a new, permanent location.
- This is not limited by the expiration date of the policy.
- d. Only as regards coverage described under Off Premises Utility Service Interruption; and Property In Transit, On Exhibition, or In the Custody Of Sales Representatives in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage caused by a covered peril to:
- 1) property not located at a "covered location" and that is owned by a utility, a landlord, or another utility supplier;
 - 2) the "off-site server" for "your" Web site or the location that houses the "off-site server" for "your" Web site;
 - 3) property in transit, on exhibition, or in the custody of sales representatives; and ending on the date the property should be rebuilt, repaired, or replaced. This is not limited by the expiration date of the policy.
27. "Schedule of coverages" means:
- a. all pages labeled schedule of coverages or schedules which pertain to this coverage; and
 - b. declarations or supplemental declarations which pertain to this coverage.
28. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property. This includes, but is not limited to, stock certificates; tokens, tickets, revenue, or stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt used in connection with charge, credit, or debit cards that are not issued by "you", but does not include "money".
29. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
30. "Software" means:
- a. "media";
 - b. "data records";
 - c. "programs and applications"; and
 - d. "proprietary programs".
31. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.
- Falling objects does not include loss to:
- a. business personal property in the open; or
 - b. to the interior of buildings or structures, or business personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

AAIS
CO 1000 10 02
Page 6 of 31

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

32. "Spoilage" means any detrimental change in physical state of "perishable stock". Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, solidification of liquid or molten material, chemical reactions to material in process, and reduction in value of time sensitive materials.
33. "Terms" are all provisions, limitations, exclusions, conditions, and definitions that apply.
34. "Theft" means any act of stealing, including burglary or robbery.
35. "Valuable papers" means documents, manuscripts, or records that are inscribed, printed, or written. This includes, but is not limited to, abstracts, books, deeds, drawings, films, maps, or mortgages.
36. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

"We" cover direct physical loss to covered property at a "covered location" caused by a covered peril.

BUILDING PROPERTY

1. **Covered Building Property** -- Covered Building Property means buildings and structures and:

- a. completed additions;
- b. fixtures, machinery, and equipment which are a permanent part of a covered building or structure;
- c. outdoor fixtures;
- d. personal property owned by "you" and used to maintain or service a covered building or structure or its premises. This includes air-conditioning equipment; fire extinguishing apparatus; floor coverings; and appliances for refrigerating, cooking, dish washing, and laundering;
- e. if not covered by other insurance, buildings and additions to buildings under construction, alteration, and repair including:
 - 1) materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings; and
 - 2) "your" contractual liability for the interest of contractors and sub-contractors in buildings and additions to buildings under construction, alteration, and repair such as materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings;
- f. building glass;
- g. the following property if it is located on or within 1,000 feet of a covered building or structure:
 - 1) radio and television towers, antennas, satellite dishes, masts, lead-in wiring, and guy wires. This includes foundations and any other property that is permanently attached to any of these types of property;

- 2) awnings or canopies; and
- 3) fences;
- h. signs, whether or not they are attached to covered buildings, or structures; or
- i. foundations of buildings, structures, machinery, or boilers.

2. Building Property That Is Not Covered --

Except as provided under Supplemental Coverages - Underground Pipes, Pilings, Bridges and Roadways, Covered Building Property does not include:

- a. pilings, piers, wharves, docks, or retaining walls;
- b. underground pipes, flues, or drains; and
- c. bridges, walkways, roadways, and other paved surfaces.

BUSINESS PERSONAL PROPERTY

1. Covered Business Personal Property --

Covered business personal property means "your" business personal property in buildings or structures at a "covered location" or in the open (or in vehicles) on or within 1,000 feet of a "covered location". This includes:

- a. "your" use interest as a tenant in improvements to the buildings or structures. Improvements are fixtures, alterations, installations, or additions:
 - 1) to a building or structure "you" occupy but do not own; and
 - 2) made or acquired at "your" expense and which cannot be legally removed by "you".

"We" also cover "your" interest as a tenant in undamaged improvements that "you" lose because "your" lease has been canceled by the lessor as a result of damage to the building or structure "you" occupy but do not own. The damage to the building must be caused by a covered peril;

- b. leased personal property which "you" have a contractual responsibility to insure;
- c. "your" interest in personal property of others to the extent of "your" labor, material, and services;
- d. "computers", if not covered by other insurance;
- e. personal property which will become a part of "your" installation, fabrication, or erection project while:
 - 1) at the site of installation, fabrication, or erection; or
 - 2) while in temporary storage awaiting installation, fabrication, or erection.

Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location";

- f. "mobile equipment", if not covered by other insurance. Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location"; and
- g. personal property of others. This means personal property of others that is in "your" care, custody, or control.

Personal property of others includes property that is sold under an installation agreement where "your" responsibility continues until the property is accepted by the buyer.

"Our" payment for loss to personal property of others will only be for the benefit of the owners of the personal property.

2. Business Personal Property That Is Not Covered --

Covered business personal property does not include:

- a. "off-site server"; and

- b. except as provided under Supplemental Marine Coverages;
 - 1) personal property in transit as described under Property In Transit;
 - 2) "fine arts" as described under Fine Arts;
 - 3) "computers" while away from a "covered location" as described under Off Premises Computers;
 - 4) property while temporarily on display or exhibit as described under Property On Exhibition;
 - 5) samples of "your" stock as described under Sales Representative Samples; and
 - 6) duplicate or back-up "software" as described under Software Storage.
-

PROPERTY NOT COVERED

- 1. **Airborne or Waterborne Property** -- "We" do not cover airborne or waterborne personal property unless the property is being transported by regularly scheduled airlines or ferry service.
- 2. **Aircraft or Watercraft** -- "We" do not cover aircraft or watercraft (and their motors, equipment, and accessories) that are operated principally away from a "covered location". However, "we" do cover:
 - a. aircraft or watercraft (and their motors, equipment, and accessories) that "you" manufacture, process, warehouse, or hold for sale; and
 - b. rowboats or canoes out of water at a "covered location".
- 3. **Animals** -- "We" do not cover animals, including but not limited to birds and fish, unless owned by others and boarded by "you". "We" do cover animals "you" own and hold for sale while inside of buildings.
- 4. **Automobiles and Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed and used for over-the-road transportation of people or cargo.

"We" do cover:
 - a. "mobile equipment" described under Business Personal Property; and
 - b. automobiles and vehicles that "you" manufacture, process, or warehouse. However, "we" do not cover automobiles or vehicles held for sale, lease, loan or rental.
- 5. **Checked Luggage** -- "We" do not cover loss resulting from "theft" or disappearance of a laptop, palmtop, notebook PC, or any portable "computer" while in transit as checked luggage.
- 6. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
- 7. **Cost of Excavation** -- "We" do not cover the cost of excavations, grading, filling, or backfilling. However, if a covered loss occurs to covered property below the surface of the ground, "we" cover costs that are a necessary part of the repairing, rebuilding, or replacement of the property.
- 8. **Crops While Outside of Buildings** -- "We" do not cover grain, hay, straw, or other crops while outside of buildings.
- 9. **Exports and Imports** -- "We" do not cover exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy that anyone has obtained covering exports and imports.
- 10. **Land, Water, and Growing Crops** -- "We" do not cover:
 - a. land, including but not limited to land on which the covered property is located;

- b. underground or surface water; or
- c. growing crops.

11. **Money, Securities, Accounts, and Valuable Papers** -- Except as provided elsewhere in this policy, "we" do not cover "money", "securities", accounts, bills, and the cost to reproduce, replace, or restore "valuable papers" and lost information.
12. **Outdoor Trees, Shrubs, Plants, or Lawns** -
- Except as provided under Supplemental Coverages - Trees, Shrubs, and Plants, "we" do not cover trees, shrubs, plants, or lawns (other than stock).
13. **Property More Specifically Insured** -- "We" do not cover property which is more specifically insured in whole or in part by any other insurance. "We" do cover the amount in excess of the amount due from the more specific insurance whether "you" can collect on it or not.
14. **Property of Others** -- "We" do not cover property of others for which "you" are responsible as:
 - a. a carrier for hire; or
 - b. an arranger of transportation. This includes carloaders, consolidators, brokers, freight forwarders, or shipping associations.
15. **Property You Have Sold** -- "We" do not cover property that "you" have sold after it has been delivered. This does not include property which "you" have sold under an installation agreement.

COVERAGE EXTENSIONS

The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

The following coverage extensions are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Consequential Loss** -- "We" pay for "your" consequential loss of undamaged business personal property. Consequential loss means the loss of value of an undamaged part or parts of a product which becomes unmarketable. It must be unmarketable due to a physical loss to another part or parts of the product caused by a covered peril.
2. **Debris Removal** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:
 - a. extract "pollutants" from land or water; or
 - b. remove, restore, or replace polluted land or water."We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

However, "we" pay up to an additional \$50,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

"We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

3. **Emergency Removal** -- "We" pay for any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.
4. **Emergency Removal Expenses** -- "We" pay up to \$5,000 for "your" expenses to move or store covered property to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.

The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

5. **Fraud and Deceit** -- "We" pay up to \$5,000 for "theft" of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
 - a. to persons who falsely represent themselves as the proper persons to receive the property; or
 - b. by the acceptance of fraudulent bills of lading or shipping receipts.

6. **Damage From Theft** -- "We" cover direct physical damage caused by "theft" or attempted "theft" to:
 - a. a building that "you" do not own and that contains "your" business personal property; or
 - b. personal property not owned by "you" within such building and that is used to maintain or service the building or structure or its premises.

This coverage extension only applies to a location where "you" are a tenant and the terms of "your" lease make "you" liable for damage caused by "theft" or attempted "theft".

7. **Off Premises Utility Service Interruption**
 - a. **Coverage** -- "We" cover direct physical loss or damage caused by the interruption of an off premises utility service when the interruption:
 - 1) results in the direct physical loss or damage to covered property located at a "covered location"; and
 - 2) is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:
 - a) power or gas;
 - b) telecommunications, including but not limited to Internet access; or
 - c) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this extension does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:
- 1) overhead transmission and distribution lines;
 - 2) overhead transformers and similar equipment; and
 - 3) supporting poles and towers.
- c. **Perishable Stock Exclusion** -- Coverage under this extension does not include loss of "perishable stock" due to "spoilage" that results from:
- 1) complete or partial lack of electrical power; or
 - 2) fluctuation of electrical current.
- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Coverage Extension is \$50,000.
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SUPPLEMENTAL COVERAGES

The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

Unless otherwise stated, each supplemental coverage:

- a. applies to covered property in or on buildings or structures at a "covered location" or in the open (or in vehicles) within 1,000 feet of a "covered location"; and
 - b. is not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.
1. **Brands or Labels Expense** -- If covered business personal property is damaged and the damage is caused by a covered peril, "we" have the option to take all or any part of the damaged business personal property at the agreed or appraised value. "You" may stamp salvage or remove any brands or labels from the property or its containers. "You" must not damage the property or containers when "you" remove the brands or labels. "You" must re-label the merchandise or its containers if required by law.

The most "we" pay in any one occurrence for "your" expenses for stamping or removing brands or labels is \$50,000.

AAIS
CO 1000 10 02
Page 12 of 31

2. **Expediting Expenses** -- When a covered peril occurs to covered property, "we" pay for reasonable expenses necessary to expedite permanent repairs or replacement and make temporary repairs to damaged covered property. Expediting expenses include additional labor or overtime, and transportation costs.

The most "we" pay for all expediting expenses in any one occurrence is \$50,000.

3. **Fire Department Service Charges** -- "We" pay up to \$25,000 to cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.

This coverage is limited to charges incurred when the fire department is called to save or protect covered property from a covered peril.

No deductible applies.

4. **Inventory and Appraisal Expense** -- "We" pay up to \$50,000 for reasonable expenses, for the taking of inventory and appraisals, incurred by "you" at "our" request to assist "us" in the determination of the amount of a loss caused by a covered peril.

"We" do not pay for:

- a. any expenses incurred under the Other Conditions, Appraisal section of this coverage; or
- b. any public adjusters' fees or attorneys' fees.

5. **Ordinance or Law (Undamaged Parts of a Building)** -- When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
- a. requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;

- b. regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
- c. is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

6. **Ordinance or Law (Increased Cost to Repair and Cost to Demolish and Clear Site)** --

- a. **Increased Cost to Repair** -- When a covered peril occurs to a covered building or structure, "we" cover the:
 - 1) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and
 - 2) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

"We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

b. **Cost to Demolish and Clear Site --**

"We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.

c. **We Do Not Cover --** "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:

- 1) requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
- 2) "you" were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree.

d. **What We Pay If The Building Is Repaired or Replaced --** If the covered building or structure is repaired or replaced, "we" pay the lesser of:

- 1) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
- 2) \$100,000.

e. **What We Pay If The Building Is Not Repaired or Replaced --** If the covered building or structure is not repaired or replaced, "we" pay the lesser of:

- 1) the amount "you" actually spend to demolish and clear the site; plus the cost "you" would have incurred to replace the damaged or destroyed property with other property:

- a) of like kind, and quality;
- b) of the same height, floor area, and style; and
- c) used for the same purpose; or

- 2) \$100,000.

7. **Personal Effects --** "We" cover direct physical loss caused by a covered peril to personal effects owned by "you", "your" officers, "your" partners, or "your" employees.

The most "we" pay for loss to personal effects in any one occurrence or at any one "covered location" is \$15,000.

8. **Pollutant Cleanup and Removal --** "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or "covered location" is \$50,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

9. **Recharge of Fire Extinguishing**

Equipment -- "We" pay up to \$50,000 to cover "your" incurred expenses to recharge "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:

- a. to fight a fire;
- b. as a result of a covered peril; or
- c. as a result of an accidental discharge.

However, "we" do not pay for "your" expenses to recharge equipment as a result of a discharge during testing or installation.

If it is less expensive to do so, "we" will pay "your" costs to replace "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment rather than recharge the equipment.

10. **Rewards** -- "We" pay up to \$10,000 as a reward for information that leads to a conviction for arson, "theft", or vandalism. The conviction must involve a covered loss caused by arson, "theft", or vandalism.

The amount "we" pay is not increased by the number of persons involved in providing the information.

11. **Sewer Backup and Water Below the Surface** -- "We" cover direct physical loss caused by:

- a. water that backs up through a sewer or drain; or
- b. water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

The most "we" pay for loss caused by sewer backup and water below the surface in any one occurrence is \$25,000.

12. **Trees, Shrubs, and Plants** -- "We" cover direct physical loss (and debris removal expenses) to outdoor trees, shrubs, plants, and lawns at a "covered location". "We" only cover loss caused by:

- a. fire;
- b. lightning;
- c. explosion;
- d. riot or civil commotion;
- e. falling objects; or
- f. vandalism.

The most "we" pay for loss to trees, shrubs, and plants in any one occurrence is \$50,000.

Coverage under this supplemental coverage does not apply to property held for sale by "you".

13. **Underground Pipes, Pilings, Bridges, and Roadways** -- "We" cover direct physical loss caused by a covered peril to:

- a. pilings, piers, wharves, docks, or retaining walls;
- b. underground pipes, flues, or drains; and
- c. bridges, walkways, roadways, and other paved surfaces.

The most "we" pay under this Supplemental Coverage in any one occurrence or at any one "covered location" is \$250,000.

AAIS
CO 1000 10 02
Page 15 of 31

SUPPLEMENTAL MARINE COVERAGES

The following Supplemental Marine Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Marine Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Marine Coverage provided below is separate from, and not part of the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Marine Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Marine Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Marine Coverage cannot be combined or added to the "limit" for any other Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension including a Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension that is added to this policy by endorsement.

The following supplemental marine coverages are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Accounts Receivable** -- "We" pay up to \$50,000 to cover losses and expenses that "you" incur as a result of a direct physical loss caused by a covered peril to "your" records of accounts receivable.

Losses and expenses under this coverage means:

- a. all sums due "you" from customers, provided "you" are unable to effect collection;
- b. interest charges on any loan used to offset impaired collections pending "our" payment of such sums;
- c. collection expenses in excess of normal collection costs made necessary because of loss or damage; and
- d. other reasonable expenses incurred by "you" in recreating records of accounts receivable following such loss or damage.

2. **Electrical or Magnetic Disturbance of Computers** -- "We" cover direct physical loss to "computers" caused by electrical or magnetic disturbance that results in electrical or magnetic damage to "computers" and damage to, disturbance of, or erasure of electronic records.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

3. **Power Supply Disturbance of Computers** -
- "We" cover direct physical loss to "computers" caused by power supply disturbance such as interruption of power supply, power surge, blackout, or brownout.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

AAIS
CO 1000 10 02
Page 16 of 31

4. **Virus and Hacking Coverage** -- "We" cover direct physical loss to covered "computers", "your" "computer" network and "your" Web site caused by a "computer virus" or by "computer hacking". However, "we" do not cover:
- loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
 - loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
 - theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

- except as provided under the Supplemental Income Coverages section of the Commercial Output Program - Income Coverage Part (if attached to this policy), denial of access to or services from "computers", "your" "computer" network, or "your" Web site.

The most "we" pay in any one occurrence under this Supplemental Marine Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Marine Coverage during each separate 12-month period of this policy is \$50,000.

5. **Fine Arts** -- "We" cover direct physical loss caused by a covered peril to "your" "fine arts" at a "covered location". "We" also cover "your" "fine arts" while:
- temporarily on display or exhibit away from a "covered location"; or
 - in transit between a "covered location" and a location where the "fine arts" will be temporarily on display or exhibit.

The most "we" pay for loss to "fine arts" in any one occurrence or at any one "covered location" is \$100,000.

6. **Off Premises Computers** -- "We" cover direct physical loss caused by a covered peril to "computers" in the custody of "you", "your" officers, "your" partners, or "your" employees, while:
- away from a "covered location"; or
 - in transit between a "covered location" and "you", "your" officers, "your" partners, or "your" employees.

The most "we" pay in any one occurrence for loss to off premises "computers" is \$25,000.

7. **Property on Exhibition** -- "We" cover direct physical loss caused by a covered peril to business personal property while temporarily on display or exhibit at locations "you" do not regularly occupy.

The most "we" pay in any one occurrence for loss to property on exhibition is \$50,000.

8. **Property in Transit** -- "We" cover direct physical loss caused by a covered peril to business personal property while in transit, regardless if the loss involves one or more vehicles, conveyances, containers, trailers, or any combination of these.

AAIS
CO 1000 10 02
Page 17 of 31

- a. **Property You Have Sold** -- "We" also cover direct physical loss caused by a covered peril to business personal property that "you" have sold and are shipping at the owner's risk. "We" only pay for loss to business personal property that "you" have sold when the shipment has been rejected by the owner because:
 - 1) the property is damaged; and
 - 2) the owner of the property has refused to pay "you".
- b. **Rejected Shipments** -- "We" also cover direct physical loss caused by a covered peril to rejected shipments while in due course of transit back to "you" or while awaiting return shipment to "you".
- c. **Bills of Lading** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual cash value of the covered property.
- d. **Perishable Stock** -- "We" do not cover loss to "perishable stock" resulting from a breakdown of refrigeration equipment on any vehicle, conveyance, container, or trailer.

The most "we" pay in any one occurrence for loss to property in transit is \$50,000.

9. **Sales Representative Samples** -- "We" cover direct physical loss caused by a covered peril to samples of "your" stock in trade (and containers) and similar property of others.

"We" cover samples of "your" stock in trade while the property is:

- a. in the custody of "your" sales representatives and agents;
- b. in "your" custody while acting as a sales representative; or

- c. in transit between a "covered location" and "your" sales representatives.
The most "we" pay in any one occurrence for loss to samples of "your" stock in trade is \$50,000.

10. **Software Storage** -- "We" cover direct physical loss caused by a covered peril to duplicate and back-up "software" stored at a "software" storage location. Each "software" storage location must be in a separate building which is at least 100 feet away from a "covered location".

The most "we" pay in any one occurrence for loss to duplicate and back-up "software" is \$50,000.

11. **Valuable Papers** -- "We" pay up to \$100,000 for the cost of research or other expenses necessary to reproduce, replace, or restore lost information that results from a direct physical loss caused by a covered peril to "your" "valuable papers".
-

PERILS COVERED

"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

AAIS
CO 1000 10 02
Page 18 of 31

- a. **Ordinance or Law** -- Except as provided under Supplemental Coverages - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss regardless if the loss is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

- b. **Earth Movement** -- "We" do not pay for loss caused by any earth movement (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano. Earth movement includes, but is not limited to: earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.

"We" do cover direct loss by fire, explosion, or "volcanic action" resulting from either earth movement or eruption, explosion, or effusion of a volcano.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- c. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- d. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

- e. **War and Military Action** -- "We" do not pay for loss caused by:
- 1) war, including undeclared war or civil war; or
 - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

- f. **Flood** -- "We" do not pay for loss caused by "flood". However, "we" do cover the resulting loss if fire, explosion, or sprinkler leakage results.
This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- g. **Utility Failure** -- Except as provided under Coverage Extensions - Off Premises Utility Service Interruption, "we" do not pay for loss caused by or resulting from the failure of a utility to supply electrical power or other utility service to a "covered location", however caused, if the failure takes place away from the "covered location".

But if failure of a utility to supply electrical or other utility service to a "covered location" results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- h. **Sewer Backup and Water Below the Surface** -- Except as provided under Supplemental Coverages - Sewer Backup and Water Below the Surface, "we" do not pay for loss caused by or resulting from:
- 1) water that backs up through a sewer or drain; or
 - 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.
- But if sewer backup and water below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Animal Nesting, Infestation, or Discharge** -- "We" do not pay for loss caused by nesting, infestation, discharge, or release of waste products or secretions by animals, including but not limited to, birds, insects, or vermin.

But if nesting, infestation, discharge, or release of waste products or secretions by animals results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

- b. **Collapse** -- "We" do not pay for loss caused by collapse, except as provided under the Other Coverages, Collapse. But if collapse results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- c. **Computer Virus or Computer Hacking** -- Except as provided under Supplemental Marine Coverages - Virus and Hacking Coverage, "we" do not pay for:
- 1) any direct or indirect loss or damage; or
 - 2) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

- d. **Contamination or Deterioration** -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

This exclusion does not apply to loss caused by corrosion, decay, fungus, mildew, mold, rot, or rust to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- e. **Criminal, Fraudulent, Dishonest, or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, joint adventurers; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for "theft" by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- f. **Defects, Errors, and Omissions** -- "We" do not pay for loss which results from one or more of the following:

- 1) an act, error, or omission (negligent or not) relating to:
 - a) land use;
 - b) the design, specification, construction, workmanship, installation, or maintenance of property;
 - c) planning, zoning, development, siting, surveying, grading, or compaction; or
 - d) maintenance of property (such as land, structures, or improvements);

whether on or off a "covered location";

- 2) a defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair, whether on or off a "covered location";
- 3) the cost to make good an error in design; or
- 4) a data processing error or omission in programming or giving improper instructions.

In addition, "we" do not pay for loss to business personal property caused by deficiencies or defects in design, specifications, materials, or workmanship, or caused by latent or inherent defects.

But if a defect, error, or omission as described above results in a covered peril, "we" cover the loss or damage caused by that covered peril.

- g. **Electrical Currents** -- "We" do not pay for loss caused by arcing or by electrical currents other than lightning. But if arcing or electrical currents other than lightning result in fire, "we" cover the loss or damage caused by that fire.

"We" do cover the direct loss by a covered peril which occurs at "covered locations" as a result of any power interruption or other utility services.

This exclusion does not apply to "computers".

- h. **Steam Boiler Explosion** -- "We" do not pay for loss caused by an explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- i. **Increased Hazard** -- "We" do not pay for loss occurring while the hazard has been materially increased by any means within "your" knowledge or "your" control.
- j. **Loss of Use** -- "We" do not pay for loss caused by loss of use, delay, or loss of market.
- k. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", the breakage of building glass, or an elevator collision, "we" cover the loss or damage caused by that "specified peril", breakage of building glass, or elevator collision.

This exclusion does not apply to "computers".

- l. **Neglect** -- "We" do not pay for loss caused by "your" neglect to use all reasonable means to save covered property at and after the time of loss.

"We" do not pay for loss caused by "your" neglect to use all reasonable means to save and preserve covered property when endangered by a covered peril.

- m. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":
- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril" or
 - 2) except as specifically provided under the Supplemental Coverages, Pollutant Cleanup and Removal.

"We" do pay for any resulting loss caused by a "specified peril".

- n. **Seepage** -- "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.

AAIS
CO 1000 10 02
Page 22 of 31

- o. **Settling, Cracking, Shrinking, Bulging, or Expanding** -- "We" do not pay for loss caused by settling, cracking, shrinking, bulging, or expanding of pavements, footings, foundations, walls, ceilings, or roofs. But if settling, cracking, shrinking, bulging, or expanding results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- p. **Smoke, Vapor, or Gas** -- "We" do not pay for loss caused by smoke, vapor, or gas from agricultural smudging or industrial operations.

This exclusion does not apply to "computers" and "mobile equipment".

- q. **Smog** -- "We" do not pay for loss caused by smog. But if smog results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- r. **Temperature/Humidity** -- "We" do not pay for loss to:
- 1) personal property, except as provided under Coverage Extensions - Off Premises Utility Service Interruption; or
 - 2) "perishable stock";
- caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature, as described above, results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

"We" do pay for loss to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- s. **Wear and Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

- t. **Weather** -- "We" do not pay for loss caused by weather conditions if the weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

But if weather conditions result in a covered peril, "we" cover the loss or damage caused by that covered peril.

- u. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
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ADDITIONAL PROPERTY NOT COVERED OR SUBJECT TO LIMITATIONS

1. **Accounts Receivable** -- "We" do not cover loss to accounts receivables that is a result of:
- a. an error or omission in bookkeeping, accounting, or billing; or

- b. "your" discovery of a discrepancy in "your" books or records if an audit or inventory computation is necessary to prove the factual existence of the discrepancy.
2. **Animals** -- "We" do not cover loss to animals, including but not limited to birds and fish, except death or destruction of animals held for sale caused by "specified perils" or breakage of building glass.
3. **Boilers** -- "We" do not cover loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment. "We" do cover loss to such equipment caused by the explosion of gas or fuel in a firebox, combustion chamber, or flue.
- "We" do not cover loss to hot water boilers or heaters caused by any condition or occurrence within such equipment other than explosion. This exclusion includes bursting, cracking, or rupturing.
4. **Contamination of Perishable Stock Due to Release of Refrigerant** -- "We" do not pay for loss of "perishable stock" due to contamination from the release of a refrigerant, including but not limited to ammonia.
5. **Furs** -- "We" do not cover furs or fur garments for loss by "theft" for more than \$10,000 total in any one occurrence.
6. **Glassware/Fragile Articles** -- "We" do not cover breakage of fragile articles such as glassware and porcelains, except as a result of "specified perils" or breakage of building glass.
- This exclusion does not apply to:
- glass that is a part of a building or structure;
 - bottles or other containers held for sale;
 - lenses of photographic and scientific instruments; or
- d. "fine arts" as described under Supplemental Marine Coverages.
7. **Jewelry, Watches, and Precious Stones** -- "We" do not cover more than \$10,000 total in any one occurrence for loss by "theft" of jewelry, watches, and precious stones, including but not limited to watch movements, jewels, pearls, and semi-precious stones. This limitation does not apply to items of jewelry, watches, or precious stones worth \$100 or less.
8. **Missing Property** -- "We" do not cover missing property when the only proof of loss is unexplained or mysterious disappearance, or shortage discovered on taking inventory, or other instance where there is no physical evidence to show what happened to the property.
- This exclusion does not apply to property in the custody of carriers for hire.
9. **Personal Property in the Open** -- "We" do not cover loss to personal property in the open caused by rain, snow, ice, or sleet.
- This exclusion does not apply to "mobile equipment" or to property in the custody of carriers for hire.
10. **Stamps, Tickets, and/or Letters of Credit** -- "We" do not cover more than \$5,000 total in any one occurrence for loss by "theft" to stamps, tickets (such as lottery tickets held for sale), or letters of credit.
11. **Unauthorized or Fraudulent Transfer** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not cover loss of, or loss caused by the transfer or delivery of covered property from a "covered location" or "your" "computer" to a person or place outside of a "covered location" on the basis of unauthorized or fraudulent instructions, including but not limited to instructions transmitted:
- by a computer, whether or not owned by "you", or

AAIS
CO 1000 10 02
Page 24 of 31

- b. via any telecommunications transmission method.

12. **Valuable Papers** -- "We" do not cover loss to "valuable papers" caused by errors or omissions in processing or copying.

OTHER COVERAGES

- 1. **Collapse** -- "We" pay for loss caused by direct physical loss involving collapse as described in a., b., and c. below.
 - a. Collapse of a building or structure, any part of a building or structure, or personal property inside a building or structure, if the collapse is caused by one or more of the following:
 - 1) "specified perils" or breakage of building glass all only as insured against in this Coverage Part;
 - 2) hidden decay, unless "you" know of the presence of the decay prior to the collapse;
 - 3) hidden insect or vermin damage, unless "you" know of the damage prior to the collapse;
 - 4) weight of people or personal property;
 - 5) weight of rain that collects on a roof; or
 - 6) use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a peril listed in 1) through 5) above, "we" will pay for the loss or damage even if the use of defective material or methods in construction, remodeling, or renovation, contributes to the collapse.

- b. The following property is covered for loss involving collapse only if the collapse is of a building or structure or any part of a building or structure and is caused by one or more of the causes listed above in 1.a. or collapse caused by "specified perils" or breakage of building glass all only as insured against in this Coverage Part:
 - 1) outdoor radio or television antennas (and satellite dishes) and their lead-in wiring, masts, or towers;
 - 2) awnings, gutters, and down spouts;
 - 3) yard fixtures;
 - 4) outdoor swimming pools;
 - 5) fences;
 - 6) bulkheads, piers, wharves, and docks;
 - 7) beach or diving platforms or appurtenances;
 - 8) retaining walls that are not part of buildings; and
 - 9) bridges, walkways, roadways, and other paved surfaces.
- c. Collapse means a sudden and unexpected falling in or caving in of a building or structure or any portion of a building or structure with the result that the building or portion of the building cannot be occupied for its intended purpose.
- d. The following are not considered to be in a state of collapse:
 - 1) a building or structure that is standing or any portion of a building that is standing even if it displays evidence of bending, bulging, cracking, expansion, leaning, sagging, settling, or shrinkage;
 - 2) a building or structure or any portion of a building structure in danger of falling in or caving; and
 - 3) a portion of a building or structure that is standing even if it has separated from another portion of the building or structure.

AAIS
CO 1000 10 02
Page 25 of 31

2. **Tearing Out and Replacing** -- When "we" cover buildings or structures and a loss caused by water, other liquids, powder, or molten material is covered, "we" also pay the cost of tearing out and replacing any part of the covered building or structure to repair damage to the system or appliance from which the water or other substance escapes.

"We" also pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system; or is directly caused by freezing.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
- give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice);
 - give notice to the police when the act that causes the loss is a crime; and
 - give notice to the credit card company if the loss involves a credit card.
2. **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" will pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. However "we" will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase "our" "limit".

3. **Proof of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- the time, place, and circumstances of the loss;
 - other policies of insurance that may cover the loss;
 - "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - changes in title or occupancy of the covered property during the policy period;
 - detailed estimates for repair or replacement of covered property; and
 - an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.

AAIS
CO 1000 10 02
Page 26 of 31

7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
 8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
 9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by the Commercial Output Program coverages.
-

VALUATION

1. **Replacement Cost** -- The value of covered property will be based on replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the "schedule of coverages".

The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 180 days after the loss.

This replacement cost provision does not apply to paragraphs 3. through 13. below.

2. **Actual Cash Value** -- When Actual Cash Value is indicated on the "schedule of coverages" for covered property, the value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 3. through 13. below.

3. **Fine Arts** -- The value of "fine arts" will be based on the fair market value at the time of loss.
4. **Glass** -- The value of glass will be based on the cost of safety glazing material where required by code, ordinance, or law.
5. **Hardware** -- The following is the value of "hardware":
 - a. **Hardware That Is Replaced** -- The value of "hardware" that is replaced will be based on the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced.
 - b. **Hardware That Is Not Replaced** -- The value of "hardware" that is not repaired or replaced will be based on the actual cash value at the time of loss (with a deduction for depreciation).
 - c. **Partial Loss** -- In no event will "we" pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.
6. **Software** -- The following is the value of "software":
 - a. **Programs and Applications** -- The value of "programs and applications" will be based on the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

- b. **Proprietary Programs** -- The value of "proprietary programs" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.
- If duplicate copies do not exist, the value of "proprietary programs" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost "proprietary programs".
- c. **Data Records** -- The value of "data records" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.
- If duplicate copies do not exist, the value of "data records" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.
- d. **Media** -- The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.
7. **Merchandise Sold** -- The value of merchandise that "you" have sold but not delivered will be based on the selling price less all discounts and unincurred expenses.
8. **Manufactured Stock** -- The value of stock manufactured by "you" will be based on the price that such stock would have been sold for, less all discounts and unincurred expenses.
9. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
10. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.
11. **Tenant's Improvements** -- The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on the replacement cost if repaired or replaced at "your" expense within 24 months.
- The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on a portion of "your" original cost if not repaired or replaced within 24 months. This portion is determined as follows:
- divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
 - multiply the figure determined in 11.a. above by the original cost.
- If "your" lease contains a renewal option, the expiration of the lease in this procedure will be replaced by the expiration of the renewal option period.
- Lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease are not covered if repaired or replaced at another's expense.
12. **Valuable Papers** -- The value of "valuable papers" will be based on their actual cash value at the time of loss.
13. **Accounts Receivable** -- The value of accounts receivable will be based on the total sum of accounts receivable due. From this total "we" will deduct:
- all amounts due from the records of accounts receivable that are not lost;

- b. all amounts due that can be established by other means;
- c. all amounts due that "you" have collected from the records that are lost;
- d. all unearned interest and service charges; and
- e. an amount to allow for bad debts.

If a loss occurs and "you" cannot establish the actual accounts receivable due, it will be determined as follows:

- a. "We" will determine the total of the average monthly accounts receivable amounts for the 12 month period that directly precedes the month in which the loss occurred.
 - b. "We" will adjust the total for any normal variance in the accounts receivable amount for the month in which the loss occurred.
-

HOW MUCH WE PAY

- 1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
- 2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount stated on the "schedule of coverages" in any one occurrence. The deductible applies to the loss before application of any coinsurance or reporting provisions.
- 3. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single event. This 168-hour period is not limited by the policy expiration.

- 4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay and coinsurance provisions (if applicable), "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to covered property.

- 5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

- 6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" will not pay more than the applicable "limit".

- 7. **Automatic Increase** -- The "limit" on the "schedule of coverages" or the Scheduled Locations Endorsement is automatically increased annually by the annual percentage shown on the "schedule of coverages" or Scheduled Locations Endorsement for Automatic Increase.

AAIS
CO 1000 10 02
Page 29 of 31

LOSS PAYMENT

1. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
 - a. pay the value of the lost or damaged property;
 - b. pay the cost of repairing or replacing the lost or damaged property;
 - c. rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - d. take all or any part of the property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** -- "We" will adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property of Others** -- Losses to property of others may be adjusted with and paid to:
 - a. "you" on behalf of the owner; or
 - b. the owner.

If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

OTHER CONDITIONS

In addition to the "terms" which are contained in other sections of the Commercial Output Program coverages, the following conditions apply.

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

AAIS
CO 1000 10 02
Page 30 of 31

2. **Benefit to Others** -- Insurance under the Commercial Output Program coverages will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Control of Property** -- The Commercial Output Policy coverages are not affected by any act or neglect beyond "your" control.
5. **Death** -- If "you" die, "your" rights and duties will pass to "your" legal representative but only while acting within the scope of duties as "your" legal representative. Until "your" legal representative is appointed, anyone having proper temporary custody of "your" property will have "your" rights and duties but only with respect to that property.
6. **Liberalization** -- If a revision of a form or endorsement which broadens Commercial Output Program coverages without additional premium is adopted during the policy period, or within six months before this coverage is effective, the broadened coverage will apply.
7. **Misrepresentation, Concealment, or Fraud** -- These Commercial Output Program coverages are void as to "you" and any other insured if, before or after a loss:
 - a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein; or
 - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
8. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
9. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property, but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
10. **Restoration of Limits** -- Except as indicated under Supplemental Coverages - Pollutant Cleanup and Removal and Supplemental Marine Coverages - Virus and Hacking Coverage, any loss "we" pay under the Commercial Output Program coverages does not reduce the "limits" applying to a later loss.
11. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" will not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
12. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of the Commercial Output Program coverages have been complied with; and

AAIS
CO 1000 10 02
Page 31 of 31

- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law.

13. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

However, "we" do cover foreign shipments as described under Overseas Transit.

14. **Mortgage Provisions** -- If a mortgagee (mortgage holder) is named in this policy, loss to building property will be paid to the mortgagee and "you" as their interest appears. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" will notify the mortgagee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the mortgagee if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you".

As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

15. **Vacancy - Unoccupancy** -- "We" do not pay for loss caused by attempted "theft"; breakage of building glass; sprinkler leakage (unless "you" have protected the system against freezing); "theft"; vandalism; or water damage occurring while the building or structure has been:

- a. vacant for more than 60 consecutive days; or
- b. unoccupied for more than:
 - 1) 60 consecutive days; or
 - 2) the usual or incidental unoccupancy period for a "covered location"; whichever is longer.

The amount "we" will pay will be reduced by 15% for any loss by a covered peril, not otherwise excluded above, if the building or structure is vacant or unoccupied, as described above.

Unoccupied means that the customary activities or operations at a "covered location" are suspended, but business personal property has not been removed. The building or structure will be considered vacant and not unoccupied when the occupants have moved, leaving the building or structure empty or containing only limited business personal property. Buildings or structures under construction are not considered vacant or unoccupied.

CO 1000 10 02

AAIS
CO 1227 05 02
Page 1 of 3

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

SCHEDULED LOCATIONS ENDORSEMENT

PROPERTY COVERED

The following provision is added to Property Covered.

Scheduled Locations -- Coverage provided by the Commercial Output Program coverages applies only to the "covered locations" described on the Location Schedule.

ADDITIONAL COVERAGES

The following Additional Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for an Additional Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for an Additional Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under an Additional Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for an Additional Coverage and the "limit" for coverage described under Property Covered.

Unless otherwise stated, each additional coverage:

- a. applies to loss caused by a covered peril;

- b. is not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage; and
- c. does not extend coverage to personal property at fairs or exhibitions.

1. **Newly Built or Acquired Buildings** -- "We" cover direct physical loss to "your" buildings or structures:

- a. being built at "covered locations" or while being built at other than "covered locations"; or
- b. that "you" acquire during the policy period.

This additional coverage applies for 120 days from the date "you" acquire or begin to construct the building or structure or until "you" report the property to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or from the date "you" acquire the property.

The most "we" pay in any one occurrence for each newly built or acquired building or structure is \$500,000.

2. **Business Personal Property - Acquired Locations** -- "We" cover direct physical loss to "your" business personal property at locations that "you" acquire during the policy period.

This coverage applies for 120 days from the date "you" acquire the location or until "you" report the acquired location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date "you" acquire the location.

The most "we" pay in any one occurrence for business personal property at each location "you" acquire is \$250,000.

3. **Locations "You" Elect Not To Describe --** "We" cover direct physical loss to "your" building property and business personal property at locations that are not described on the Location Schedule.

The "limit" provided under this additional coverage cannot be combined or added to the "limits" for Newly Acquired Buildings and Personal Property - Acquired Locations.

The most "we" pay in any one occurrence for each unscheduled location is \$50,000.

4. **Newly Built or Acquired Locations - Income Coverage --** If the Commercial Output Program - Income Coverage Part is attached to this policy, "we" extend "your" coverage for earnings and extra expense to include direct physical loss to "your" covered property while at any location being built or at locations that "you" acquire during the policy period.

If a loss occurs at a location being built and the loss delays the start of "your" "business", the "restoration period" starts from the time "your" "business" would have begun had no loss occurred.

This coverage applies for 120 days from the date the location is acquired or construction begins or until "you" report the location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or "you" acquire the location.

The most "we" pay in any one occurrence for loss of earnings and incurred extra expense at each newly acquired or built location is \$250,000.

HOW MUCH WE PAY

The following provisions are added to How Much We Pay if a coinsurance percentage is indicated on the "schedule of coverages".

1. **Coinsurance, Property Coverage Part --** "We" pay only a part of the loss if the "limit" is less than the value of the covered property at the time of the loss multiplied by the coinsurance percentage. "Our" part of the loss is determined using the following steps:
- multiply the value of the covered property at the time of the loss by the coinsurance percentage;
 - divide the "limit" for covered property by the result determined in a. above;
 - multiply the total amount of loss, after the application of any deductible, by the result determined in b. above.

"We" pay the amount determined in c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "schedule of coverage", this procedure applies separately to each covered property for which a "limit" is shown.

If there is only one "limit" indicated on the "schedule of coverage", this procedure applies to the total of all covered property to which the "limit" applies.

2. **Coinsurance, Income Coverage Part --** If the Commercial Output Program - Income Coverage Part is attached to this policy, "we" pay only a part of the loss if the "limit" is less than the coinsurance percentage multiplied by the sum of "your" net income (net profit or loss before income taxes) and continuing operating expenses projected for the 12 months following the inception of this policy or the last previous anniversary date of this policy (whichever is later), normally earned by "your" "business".

AAIS
CO 1227 05 02
Page 3 of 3

"Our" part of the loss is determined using the following steps:

- a. multiply the coinsurance percentage by the sum of "your" net income and continuing operating expenses projected for the 12 months following the inception of this policy or the last previous anniversary date of this policy;
- b. divide the "limit" by the figure determined in a. above;
- c. multiply the total amount of loss by the figure determined in b. above.

"We" pay the amount determined in c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "schedule of coverage" for the Income Coverage Part, this procedure applies separately to each "limit".

Coinsurance does not apply to coverage for extra expense.

CO 1227 05 02

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AAIS
CO 1001 04 02
Page 1 of 6

COMMERCIAL OUTPUT PROGRAM INCOME COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, Perils Covered, Perils Excluded, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

COVERAGE OPTIONS

One of the following described coverage options applies when that option is indicated on the "schedule of coverages":

1. Earnings, "rents", and extra expense.
2. Earnings and extra expense.
3. "Rents" and extra expense.
4. Extra expense only.

If option 1. above is selected, the term Earnings includes "rents". When Option 3. is indicated, the term Earnings means only "rents".

COVERAGE

"We" provide the following coverage unless the coverage is excluded or subject to limitations.

"We" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

1. all passageways to "your" location within the building; and
2. "your" business personal property in the open (or in a vehicle) within 1,000 feet.

EARNINGS

"We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

EXTRA EXPENSE

"We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered peril.

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

AAIS
CO 1001 04 02
Page 2 of 6

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

1. repair, replace, or restore any property; and
2. research, replace, or restore information on damaged "valuable papers" or "data records".

EXCLUSIONS AND LIMITATIONS

The following exclusions apply in addition to the exclusions and limitations in the Commercial Output Program - Property Coverage Part.

1. **Finished Stock** -- "We" do not cover loss caused by or resulting from loss or damage to stock manufactured by "you" which is ready to pack, ship, or sell. This includes loss caused by or resulting from the time required to reproduce such stock. This does not apply to stock manufactured and held for sale at retail outlets that "you" own and that are insured under this Coverage Part.
2. **Leases, Licenses, Contracts, or Orders** -- "We" do not cover any increase in loss due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any extra expense caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders beyond the "restoration period".

3. **Strikes, Protests, and Other Interference** -- "We" do not cover any increase in loss due to interference by strikers or other persons at a "covered location". This applies to interference with rebuilding, repairing, or replacing the property or with resuming "your" "business".

INCOME COVERAGE EXTENSIONS

The following Income Coverage Extensions indicate an applicable "limit" or limitation. This "limit" or limitation may also be shown on the "schedule of coverages". If a different "limit" or limitation is indicated on the "schedule of coverages", that "limit" or limitation will apply instead of the "limit" or limitation shown below.

The following Income Coverage Extensions are part of and not in addition to the applicable Income Coverage "limit".

1. **Interruption by Civil Authority** -- "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a "dependent location" is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril. Unless otherwise indicated on the "schedule of coverages", this Income Coverage Extension is limited to 30 consecutive days from the date of the order.
2. **Period of Loss Extension After Business Resumes** -- "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced and "business" is resumed or tenantability is restored until:
 - a. the end of 90 consecutive days (unless otherwise indicated on the "schedule of coverages"); or
 - b. the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred, whichever is earlier.

Loss of earnings or "rents" must be caused by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

AAIS
CO 1001 04 02
Page 3 of 6

SUPPLEMENTAL INCOME COVERAGES

Unless otherwise indicated, the following Supplemental Income Coverages apply separately to each "covered location".

The following Supplemental Income Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

Unless otherwise indicated, a "limit" for a Supplemental Income Coverage provided below is separate from, and not part of, the applicable Income Coverage "limit". The "limit" available for coverage described under a Supplemental Income Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Income Coverage and the Income Coverage "limit".

The "limit" provided under a Supplemental Income Coverage cannot be combined or added to the "limit" for any other Supplemental Income Coverage.

1. **Computer Virus and Hacking** --

- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by a "computer virus" or by "computer hacking" that results in:
 - 1) direct physical loss or damage to covered "computers", "your" computer network, or "your" Web site; or
 - 2) denial of access to or services from "your" "computer", "your" computer network, or "your" Web site.

- b. **Exclusions** -- "We" do not cover loss of earnings or extra expenses under this Supplemental Income Coverage that results from:
 - 1) loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
 - 2) loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered; or
 - 3) theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to customer information, processing methods, or trade secrets.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to "your" "computers", "your" computer network, or "your" Web site. This waiting period does not apply to extra expenses that "you" incur.
- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$75,000.

AAIS
CO 1001 04 02
Page 4 of 6

2. **Dependent Locations** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at a "dependent location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$100,000.

3. **Off Premises Utility Service Interruption** --
- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility services when the interruption is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:
- 1) power or gas;
 - 2) telecommunications, including but not limited to Internet access; or
 - 3) water, including but not limited to waste water treatment.
- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this Supplemental Income Coverage does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:
- 1) overhead transmission and distribution lines;
 - 2) overhead transformers and similar equipment; and
 - 3) supporting poles and towers.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to the property owned by a utility, a landlord, or another supplier. This waiting period does not apply to extra expenses that "you" incur.

- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

4. **Pollutant Cleanup and Removal** -- When there is a loss to a "covered location" caused by a covered peril, coverage for earnings is extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to extract "pollutants" from land or water at the "covered location".

This Supplemental Income Coverage only applies if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" into the land or water at the "covered locations" is caused by a covered peril and occurs during the policy period.

Coverage for earnings is not extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to test, evaluate, observe, or record the existence, level, or effects of "pollutants". However, "we" cover the increased period of interruption when testing is necessary for the extraction of "pollutants" from land or water.

The ordinance, law, or decree must be in force at the time of loss.

The most "we" pay in any one occurrence or at any one location under this Supplemental Income Coverage is \$25,000.

AAIS
CO 1001 04 02
Page 5 of 6

5. **Contract Penalty** -- Coverage for earnings is extended to cover contract penalties that "you" are assessed or are required to pay because "you" are unable to complete a project or fill an order in accordance with contract terms or conditions.

"Your" inability to complete a project or fill an order on time must be a direct result of physical loss of or damage to covered property caused by a covered peril at a "covered location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$100,000.

6. **Property In Transit, On Exhibition, or In The Custody Of Sales Representatives** -- Coverage for earnings is extended to loss of earnings during the "restoration period" when "your" "business" is interrupted as a result of a direct physical loss, caused by a covered peril, to property in transit, on exhibition, or in the custody of sales representatives as described under the Supplemental Marine Coverages in Commercial Output Program - Property Coverage Part.

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

WHAT MUST BE DONE IN CASE OF LOSS

Other "terms" relating to What Must Be Done In Case Of Loss also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Intent to Continue Business -- If "you" intend to continue "your" "business", "you" must resume all or part of "your" "business" as soon as possible.

VALUATION

1. **Earnings** -- In determining an earnings loss "we" consider:
- a. the experience of "your" "business", before the loss and the probable experience during the time of interruption had no loss occurred;
 - b. "your" continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense necessary to resume "business" to a similar level of service that existed before the occurrence of direct physical loss or damage; and
 - c. pertinent sources of information and reports including:
 - 1) "your" accounting procedures and financial records;
 - 2) bills, invoices, and other vouchers;
 - 3) contracts, deeds, and liens;
 - 4) reports on feasibility and status; and
 - 5) records documenting "your" budget and marketing objectives and results.

"We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" "business". This includes making use of other locations and property to reduce the loss.

If "your" "business" is not resumed as soon as possible, or if it is not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" "business" as soon as possible.

Only as regards coverage described under Dependent Locations in the Income Coverage Extensions, "we" will reduce the amount of "your" loss of earnings to the extent "you" can resume "your" "business" by using other available sources of materials or outlets for "your" products.

AAIS
CO 1001 04 02
Page 6 of 6

2. **Extra Expense** -- In determining extra expenses that "you" have incurred, "we" consider the salvage value of any property bought for temporary use during the "restoration period" and it will be deducted from the amount of loss determined for extra expense.
-

HOW MUCH WE PAY

Other "terms" relating to How Much We Pay also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

"We" pay no more than the Income Coverage "limit" indicated on the "schedule of coverages" for any one loss. Payment for earnings, extra expense, and "rents" combined does not exceed the "limit".

LOSS PAYMENT

See the Commercial Output Program - Property Coverage Part.

OTHER CONDITIONS

The following condition applies as it relates to this Coverage Part, other "terms" also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Appraisal -- If "you" and "we" do not agree on the amount of net income (net profit or loss before income taxes), payroll expense, and operating expenses, or the amount of loss, either party may demand that these amounts be determined by appraisal in accordance with the provisions described in the Commercial Output Program - Property Coverage Part under Other Conditions, Appraisal.

CO 1001 04 02

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AAIS
CO 1281 04 02
Page 1 of 2

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

WAITING PERIOD – INCOME COVERAGE

As specified below, this endorsement amends the provisions of the Commercial Output Program -- Income Coverage Part.

DEFINITIONS

The Definition of "restoration period" is deleted and replaced by the following:

"Restoration period" means:

1. The time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" ends on the date the property should be rebuilt, repaired, or replaced or the date business is resumed at a new permanent location. This is not limited by the expiration date of the policy.
2. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:
 - a. regulates the construction, use, or repair of any property; or

- b. requires the demolition of any property, in part or in whole, not damaged by a covered peril.

The ordinance, law, or decree must be in force at the time of loss.

3. Only as regards coverage described under Dependent Locations in the Coverage Extensions, "restoration period" also means the time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" for "dependent locations" ends on:

- a. the date the property at the "dependent location" should be rebuilt, repaired, or replaced; or
- b. the date business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.

AAIS
CO 1281 04 02
Page 2 of 2

COVERAGE EXTENSION

The following coverage extension is deleted and replaced by the following:

Interruption by Civil Authority -- "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a dependent location is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril.

Unless otherwise indicated on the "schedule of coverages", this coverage extension begins:

1. for earnings, 72 hours after the time the order is issued and ends 30 consecutive days and 72 hours from the date of the order; and

2. for extra expense, immediately after the time the order is issued, and ends 30 consecutive days and 72 hours from the date of the order.

SUPPLEMENTAL COVERAGES

The waiting period described under Off Premises Utility Service Interruption is not deleted and replaced by the provisions of this endorsement.

If the Interruption of Web Site endorsement is attached to the Commercial Output Program -- Income Coverage Part, the described waiting period under Interruption of Web Site is not deleted and replaced by the provisions of this endorsement.

CO 1281 04 02

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AAIS
CO 1006 04 02
Page 1 of 10

CRIME COVERAGE PART EMPLOYEE FRAUD AND DISHONESTY MONEY AND SECURITIES

AGREEMENT

In return for "your" payment of required premium, "we" provide the coverage described herein subject to all the "terms" in this coverage part and in the "schedule of coverages", Common Policy Conditions, Definitions, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions of the Commercial Output Program - Property Coverage Part.

DEFINITIONS

1. "Computer fraud" means the fraudulent transfer, payment, or delivery of covered property:
 - a. from a "covered location", "your" "computer", or a banking premises to a person or place outside of a "covered location"; and
 - b. directly related to the use of any "hardware", "software" or peripheral equipment whether or not owned by "you" or in "your" care, custody, or control.
2. "Employee" means any natural person while in "your" service (and for 30 days after termination of service); whom "you" compensate directly by salary, wages, or commissions; and whom "you" have the right to direct and control while performing services for "you". "Employee" also means any natural person:
 - a. who is employed by an employment contractor while that person is subject to "your" direction and control and performing services for "you" on a:
 - 1) long term basis; or

2) short-term or temporary basis;

excluding, however, any such short-term or temporary employee while having care and custody of property outside the "covered locations";

- b. who is a non-compensated volunteer while performing services for "you" excluding, however, any non-compensated persons while performing fund raising services;
- c. who is a student intern receiving practical work experience at "your" facility for course credit while acting within the scope of the usual duties of an "employee";
- d. who is:
 - 1) "your" director;
 - 2) "your" trustee; or
 - 3) any officer with an ownership interest of 25% or greater in any one or more of the entities named as insureds;

while handling funds or "other covered property" of any employee welfare or pension benefit plan insured under this coverage part; or

- e. who is an administrator, employee, manager, officer, or trustee of any employee welfare or pension benefit plan insured under this coverage part with the exception of a plan administrator or manager who is an independent contractor.

"Employee" does not mean any:

- a. agent, broker, factor, commission merchant, consignee, independent contractor, or similar representative; or

AAIS
CO 1006 04 02
Page 2 of 10

- b. director, trustee or "manager" except while performing acts coming within the scope of the usual duties of an "employee".
 - 3. "Forgery" means the fabricating or altering of any signature of the name of another person or organization with intent to deceive. A signature which consists in whole or in part of one's own name signed, with or without authority, in any capacity and for any purpose does not, in and of itself, constitute a forgery. "We" will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
 - 4. "Manager" means a person serving in a position that provides direction for "your" limited liability company.
 - 5. "Other covered property" means "your" tangible property or the tangible property of others not otherwise excluded under this coverage part.
-

COVERAGE

"We" cover the property described in the following coverages unless the property is excluded or subject to limitations. "We" only cover a loss under a described coverage when the loss occurs during the policy period as shown in the declarations.

"We" cover loss caused by a peril described in the following coverages when a specific "limit" is indicated on the Crime Schedule for the coverage. If Not Covered is inserted opposite any specified coverage, such coverage and any other reference to that coverage in this coverage part will be deemed to be deleted from this policy.

- 1. **Employee Fraud and Dishonesty** -- "We" cover direct physical loss of and direct loss from damage to:
 - a. "money";
 - b. "securities"; and

- c. "other covered property"

that "you" own, hold, or for which "you" are legally liable including, property inside the premises of a customer of "yours", that results from dishonest or fraudulent acts committed by any of "your" "employees", whether identified or not, while acting alone or in collusion with other individuals.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

The most "we" will pay in any one occurrence is the applicable Employee Fraud and Dishonesty "limit" indicated in the Crime Schedule. As respects Employee Fraud and Dishonesty coverage, an occurrence means all loss which results from one or a series of fraudulent or dishonest acts caused by one or more "employees".

- 2. **Money and Securities** -- "We" cover loss caused by "theft", disappearance, or destruction of "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while:
 - a. at "covered locations" or premises of a bank or savings institution; or
 - b. away from "covered locations" while:
 - 1) in the care, custody, or control of:
 - a) "you";
 - b) "your" partners, officers, directors, "managers", "employees"; or
 - c) members with ownership interest in any limited liability company named as an insured; or
 - 2) temporarily within "your" residence or the residence of:
 - a) "your" partners, officers, directors, "managers", "employees"; or
 - b) members with ownership interest in any limited liability company named as an insured.

AAIS
CO 1006 04 02
Page 3 of 10

The most "we" will pay in any one occurrence is the applicable Money and Securities "limit" indicated in the Crime Schedule. As respects Money and Securities coverage, an occurrence means an act or event or a series of related acts or events without regard to the number of persons involved in causing the loss.

COVERAGE EXTENSIONS

The "limits" applicable to the following Coverage Extensions are shown in the Crime Schedule. However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable coverage, unless a different "limit" is indicated in the Crime Schedule.

1. **Employee Fraud and Dishonesty** -- The coverage provided below is part of, and not in addition to, the applicable Employee Fraud and Dishonesty "limit".

Outside Coverage Territory -- "We" cover direct physical loss of, and direct loss to:

- a. "money";
- b. "securities"; and
- c. "other covered property";

that results from dishonest or fraudulent acts committed by any of "your" "employees" while the "employee" was temporarily outside of the Territorial Limits for not more than 90 days.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

Loss payment is subject to the Employee Fraud and Dishonesty deductible.

2. **Money and Securities** -- The coverage provided below is part of, and not in addition to, the applicable Money and Securities "limit".

Conveyance By Armored Vehicle -- "We" cover loss caused by "theft", disappearance, or destruction to "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while in the care, custody, or control of an armored vehicle company.

"We" pay only for the amount of "your" loss that "you" cannot recover:

- a. under "your" contract with the armored vehicle company; and
- b. from any insurance or indemnity coverage carried by the armored vehicle for the benefit of customers.

The most "we" will pay in any one occurrence is the Money and Securities Conveyance By Armored Vehicle "limit" indicated in the "schedule of coverages". Loss payment is subject to the applicable Money and Securities deductible.

SUPPLEMENTAL COVERAGES

Unless otherwise indicated, the "limit" for a Supplemental Coverage is separate from, and not part of, the applicable "limit" for the coverages described under Coverage. However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable coverage. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for the coverages described under Coverage.

AAIS
CO 1006 04 02
Page 4 of 10

1. **Inventory Fees and Proof of Loss Expense**

-- "We" will pay for the reasonable expenses "you" incur, at "our" request, to prove "your" claim and to determine the amount of the loss or damage covered under this coverage part.

"We" will not pay expenses:

- a. incurred in conjunction with the Appraisal Provision; or
- b. public adjuster fees.

"We" will pay up to \$5,000 under this Supplemental Coverage unless a different "limit" is indicated in the Crime Schedule. If a different "limit" is indicated in the Crime Schedule, that "limit" will apply instead of the "limit" shown above.

No deductible applies to this Supplemental Coverage.

2. **Loss Sustained Prior To The Policy Period Of This Insurance --**

- a. If "you" sustained loss prior to the policy period of this insurance that "you" could have recovered under prior insurance except that the time within which to discover the loss under the prior insurance had expired, "we" will cover "your" loss under this Crime Coverage Part, provided:
 - 1) the effective date of this insurance corresponds with the date of cancellation or termination of the prior insurance; and
 - 2) this insurance would have covered "your" loss had it been in force at the time when the act or event causing the loss took place or was performed.
- b. The amount "you" can recover is limited to the lesser of the applicable "limit" for:
 - 1) insurance under the Crime Coverage Part as of its effective date; or
 - 2) the prior insurance.

This Supplemental Coverage is part of, and not in addition to, the applicable "limits" for coverage described under Coverage.

If a loss is covered by the Crime Coverage Part and would have been covered under prior insurance with a lower applicable deductible than the deductible that applies to the Crime Coverage Part, the lower deductible will apply.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Civil Authority** -- "We" do not pay for loss caused by any civil authority, including seizure, confiscation, destruction, or quarantine of property.
 - b. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke.
 - c. **War and Military Action** -- "We" do not pay for loss caused by:
 - 1) war, including undeclared war or civil war; or
 - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

AAIS
CO 1006 04 02
Page 5 of 10

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:
 - a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:
 - 1) "you";
 - 2) "your" partners;
 - 3) members with ownership interest in any limited liability company named as an insured; or
 - 4) officers with ownership interest of 25% or greater in any one or more of the entities named as insureds.
 - b. **Discovery After the Policy Period** -- "We" do not pay for any loss that is not discovered within one year of the end of the policy period. In the event of cancellation or termination of:
 - 1) this policy;
 - 2) any of the coverages described under this coverage part; or
 - 3) any of the coverages described under this coverage part, as respects any insured or "employee";

"we" do not pay for any loss that is not discovered within one year from the date of the cancellation or termination.

- c. **Indirect Loss** -- "We" do not pay for any loss that is an indirect result of any act or event covered under this coverage part including, but not limited to, loss resulting from:

- 1) "Your" ability to realize income, dividends, and interest that "you" would have realized had there been no loss of, or loss from damage to, property described under this coverage part.
- 2) Payment of damages of any type for which "you" are legally liable. But, "we" will pay compensatory damages arising directly from a covered loss described under this coverage part.
- 3) Payment of costs, fees or other expenses "you" incur to prove "your" claim and to determine the amount of loss or damage under this coverage part. However, this exclusion does not apply to:
 - a) the Appraisal provision described under the Commercial Output Program - Property Coverage Part; and
 - b) the provisions described under Supplemental Coverages - Inventory Fees and Proof of Loss Expense.

- d. **Intangible Property or Trade Secrets** -- "We" will not pay for loss of confidential information or processing methods, trade secrets, or intangible property of any kind.
- e. **Inventory Shortage or Profit/Loss Computation** -- "We" do not pay for loss or damage when the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation.

AAIS
CO 1006 04 02
Page 6 of 10

However, where "you" establish that "you" have sustained a loss described under coverage for Employee Fraud and Dishonesty based on information separate from an inventory computation or profit and loss computations, then "you" may offer "your" inventory computation and/or profit and loss computations along with an actual physical count of inventory to support the other evidence as to the loss amount claimed.

- f. **Legal Expenses** -- "We" do not pay for loss due to expenses related to the defense or prosecution of a legal proceeding or claim.
 - g. **Trading** -- "We" do not pay for loss resulting directly or indirectly from trading whether in "your" name or in a genuine or fictitious account including, but not limited to, trading in commodities, futures, stocks, bonds, or other financial instruments.
3. **Employee Fraud and Dishonesty** -- Unless otherwise noted, the following additional exclusions apply only to coverage described under Employee Fraud and Dishonesty.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Discovery of Dishonest Acts** -- "We" do not pay for fraudulent or dishonest acts committed by any "employee" if:
 - 1) "you";
 - 2) any of "your" partners;
 - 3) "your" officers, directors, or "managers"; or
 - 4) members with ownership interest in any limited liability company named as an insured

have knowledge of any fraudulent or dishonest act committed by the "employee" whether before or after being employed by "you". This includes discovery by "you" or by any of "your" partners, officers, directors, "managers", or such members not in collusion with the "employee".

- b. **Employee Canceled Under Prior Insurance** -- "We" do not pay for any loss caused by:

- 1) "your" "employee"; or
- 2) an "employee" of a predecessor in interest of "yours";

for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

- c. **Vandalism** -- "We" do not pay for any loss or damage caused by vandalism, including but not limited to, any loss or damage to "your" "computers", "your" "computer" network, or "your" web site or denial of access to or services from such equipment caused by or resulting from a "computer virus" or by "computer hacking".

4. **Money and Securities** -- Unless otherwise noted, the following additional exclusions apply only to coverage described under Money and Securities.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:
 - 1) "your" "employees"; or
 - 2) "your" directors, trustees, "managers" or authorized representatives.

AAIS
CO 1006 04 02
Page 7 of 10

- b. **Errors or Omissions** -- "We" do not pay for loss resulting from accounting or arithmetical errors or omissions.
- c. **Exchanges or Purchases** -- "We" do not pay for loss caused by or resulting from the giving or surrendering of property in any exchange or purchase.
- d. **Money Operated Devices** -- "We" do not pay for loss of property contained in a "money" operated device unless the "money" deposited is recorded by a continuous recording instrument in the device.
- e. **Property Surrender or Transfer** -- "We" do not pay for loss of property after it has been surrendered or transferred to a person or place outside:
 - 1) a "covered location"; or
 - 2) the premises of a banking or saving institution;

on the basis of unauthorized instructions or as a result of a threat to do bodily harm to any person or damage to any property.

However, in the event of a threat to do bodily harm to any person or damage to any property, this exclusion does not apply to loss of property while outside a "covered location" or the premises of a bank or savings institution in the care and custody of "you", "your" partners, officers, directors, "managers", "employees", or members with ownership interest in any limited liability company named as an insured, if "you":

- 1) had no knowledge of any threat at the time the transfer began; or
 - 2) had knowledge of a threat at the time the transfer began, but the loss was not related to the threat.
- f. **Vandalism or Malicious Mischief** -- "We" do not pay for:
- 1) loss from damage to a "covered location" or its exterior; or

- 2) loss of, or damage to any cash box, cash drawer, cash register, safe, vault, or similar receptacle;

caused by vandalism or malicious mischief.

- g. **Voluntary Parting** -- "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense. This exclusion applies whether the parting was by:
 - 1) "you"; or
 - 2) anyone acting on "your" express or implied authority.

WHAT MUST BE DONE IN CASE OF LOSS

Notice For Crime Coverage and Proof Of Loss For Crime Coverage as described below replaces the Notice and Proof of Loss provisions under What Must Be Done In Case Of Loss in the Commercial Output Program - Property Coverage Part.

- 1. **Notice For Crime Coverage** -- In case of a loss, "you" must:
 - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
 - b. give notice to the:
 - 1) police when the act that causes the loss may have been a crime, except for acts that cause loss under Employee Fraud and Dishonesty;
 - 2) charge or credit card company if the loss involves a charge or credit card; and
 - 3) bank or savings institution if the loss involves a debit card.

AAIS
CO 1006 04 02
Page 8 of 10

2. **Proof Of Loss - Crime Coverage** -- "You" must send "us", within 120 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- the time, place, and circumstances of the loss;
 - other policies of insurance that may cover the loss;
 - "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - changes in title or occupancy of the covered property during the policy period;
 - detailed estimates for repair or replacement of covered property; and
 - an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.
-

ADDITIONAL CRIME CONDITIONS

The following conditions apply in addition to those stipulated in the Common Policy Conditions and the Commercial Output Program - Property Coverage Part.

1. **Acquisition Of Employees Or Additional Locations** -- Insurance under the Crime Coverage Part is extended to additional persons who become "employees" and additional "covered locations" that "you" attain the control and use of through the:
- consolidation or merger with; or
 - purchase of the assets of; another entity.

"We" cover "your" additional "employees" and "covered locations", for acts committed or events occurring within 90 days from the date of the merger, consolidation, or purchase, provided that "you":

- furnish "us" with written notice of the merger, consolidation, or purchase within 90 days; and
- "you" pay "us" any additional premium from the date of the merger, consolidation, or purchase to the end of the policy period.

Acquisition of Employee Welfare or Pension Benefit Plans through a merger, consolidation, or purchase and that is sponsored solely by "you" or any named insured under this policy will be included as insureds under Employee Fraud and Dishonesty coverage.

2. **Discovery Period Extension** -- Insurance under the Crime Coverage Part is extended to cover any loss that is discovered up to one year from the end of the policy period. In the event of cancellation or termination of the Crime Coverage Part or any crime coverage, as to any insured, "we" cover any loss that is discovered up to one year from the date of that cancellation or termination.

3. **Multiple Named Insureds** -- The following provisions are applicable to this policy whenever there is more than one named insured.
- Duty of First Named Insured** -- If more than one insured is named in the declarations, the first insured named in the declarations will act for itself and for all other insureds for every purpose related to insurance under this coverage part. If coverage for the first named insured ends, the next named insured listed will become the first named insured.
 - Employee Status** -- An "employee" of any named insured is considered to be an "employee" of all named insureds.

AAIS
CO 1006 04 02
Page 9 of 10

- c. **Pertinent Knowledge** -- If any insured or partner or officer of that insured has knowledge of any information pertinent to insurance under this coverage part, that knowledge is considered as known by each insured.
 - d. **Payment to the First Named Insured** -- When "we" make payment for a loss to the first named insured, "we" no longer have any liability for that loss to any other named insured. When payment is made to a named insured other than the first named insured, the payment will be treated as though it was made to the first named insured.
4. **Employee Welfare or Pension Benefit Plans** -- In compliance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA):
- a. Any Employee Welfare or Pension Benefit Plan, hereafter called Plan, named in the Crime Schedule will be included as insureds under Employee Fraud and Dishonesty coverage.
 - b. If any Plan is insured together with any other named insured under this policy, "you" or the administrator of the Plan must select a "limit" under the coverage for Employee Fraud and Dishonesty that is sufficient to provide a "limit" of insurance for each Plan that is at least equal to the amount that would be required if each Plan were insured separately.
 - c. If both a Plan and another entity are named in the declarations as insureds, any payment "we" make to a named insured, other than a Plan, for loss sustained by a Plan must be held by the other entity for use by the Plan(s) that sustain the loss.
- d. If "money", "securities", or "other covered property" are commingled for two or more Plans, any payment for loss to such property will be shared by each Plan on a pro rata basis in accordance with the amount of coverage each Plan is required to carry by the Employee Retirement Income Security Act.
 - e. The deductible provision does not apply to any loss sustained by a Plan.
5. **Records Pertaining to Money and Securities** -- "You" must keep records of covered "money" and "securities" so "we" can verify the amount of loss.
-

VALUATION

The following valuation provisions apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

- 1. **Bullion** -- Bullion is valued at the average cost for replacement that is published by the London Metals Market during the period of 14 days immediately preceding the discovery date of the loss or the actual amount paid for replacement, whichever is less.
- 2. **Money** -- "Money" will be valued at its face value. At "our" option, "we" may pay for loss of "money" issued by any country other than the United States of America at face value in the "money" issued by that country or in the United States of America dollar equivalent as determined by the rate of exchange as reported by the Wall Street Journal, published in New York, on the day the loss was discovered.
- 3. **Other Covered Property** -- The value of "other covered property" will be based on Replacement Cost as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

AAIS
CO 1006 04 02
Page 10 of 10

If actual cash value is indicated in the Crime Schedule, the value of "other covered property" will be based on Actual Cash Value as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

4. **Securities** -- The value of "securities" will be based on their value at the close of business on the day the loss was discovered. At "our" option, "we" may pay the value of the "securities" or replace them.
-

HOW MUCH WE PAY

The following provisions for How Much We Pay apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

1. **Limit of Insurance** -- The payment of loss under this coverage part will not reduce the "limit" of insurance for other losses provided, however, that the maximum "limit" does not exceed the dollar amount applicable to each coverage indicated in the Crime Schedule.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount in any one occurrence as stated on the Crime Schedule opposite each Coverage. If more than one deductible amount could apply to the same loss, only the highest deductible amount will be applied.

3. **Prior Insurance That We Issued Or Any Affiliate Issued** -- When a covered loss is covered in part by this coverage part and prior insurance that "we" issued or any of "our" affiliates issued, the most that "we" pay for a covered loss is the greater of the amount recoverable under:
 - a. the Crime Coverage Part; or
 - b. any prior coverage that was cancelled or terminated and that "we", or any of "our" affiliates had issued to "you".
4. **Insurance Under More Than One Policy** -- If "you" have another policy covering the same loss, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. However, "we" will not pay more than the applicable "limit" of this coverage part.
5. **Limits and Multiple Years of Coverage** -- Regardless of the number of years the Crime Coverage Part remains in force the "limits" will not accumulate nor can they be added together from year to year or policy period to policy period.
6. **Payment of Loss Sustained By More Than One Named Insured** -- "We" will not pay more for loss sustained by more than one named insured than the amount "we" would pay if one insured had sustained the entire loss.

CO 1006 04 02

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EQUIPMENT BREAKDOWN COVERAGE PART (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT) – COMMERCIAL OUTPUT POLICY

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program – Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

A. ADDITIONAL DEFINITIONS

Some of the following definitions may not appear elsewhere in this coverage part, but may appear in the "schedule".

1. The definition "accident" as described in the Commercial Output Program - Property Coverage Part is deleted and replaced by the following:

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- (1) mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force;
- (2) loss caused by arcing or electrical currents other than lightning;
- (3) explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control;
- (4) loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment; or
- (5) loss to hot water boilers or heaters caused by any condition or occurrence within such equipment.

b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if an event as defined under 1.a. above results from any of the following, it will be considered an "accident".

- (1) depletion, deterioration, rust, corrosion, erosion, settling, wear and tear, marring or scratching;
- (2) any gradually developing condition;
- (3) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of

functionality or other condition within or involving "data" or "media" of any kind;

- (4) contamination by a "hazardous substance";
- (5) any loss caused by animals, including birds, insects, or vermin; or
- (6) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "Boilers and vessels" means:

- a. boilers, including attached steam, condensate, and feedwater piping; and
- b. fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of its contents.

3. "Cloud computing services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.

4. The definition "covered equipment" as described in the Commercial Output Program - Property Coverage Part is deleted and replaced by the following:

a. "Covered equipment", unless otherwise specified in the "schedule", means covered property:

- (1) that generates, transmits or utilizes energy; or
- (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

b. "Covered equipment" does not mean:

- (1) structure, foundation, cabinet or compartment;
 - (2) insulating or refractory material;
 - (3) sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (5) "vehicle" or any equipment mounted on a "vehicle";
 - (6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (7) dragline, excavation or construction equipment; or
 - (8) equipment manufactured by "you" for sale.
5. "Data" means information or instructions stored in digital code capable of being processed by machinery.
6. "Electrical Generating Equipment" means:
 - a. "Electrical Generating Equipment" means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) turbine-generators (including steam, gas, water or wind turbines);
 - (3) engine-generators;
 - (4) fuel cells or other alternative electrical generating equipment;
 - (5) electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (6) associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
 - b. "Electrical Generating Equipment" does not mean:
 - (1) elevator or hoist motors that generate electricity when releasing cable; or
 - (2) equipment intended to generate electricity solely on an emergency, back-up basis.
7. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
8. "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in a., b. and c. below.
 - a. "We" shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 - b. The "covered equipment" must be owned or leased by "you", or operated under "your" control.
 - c. None of the following is "electronic circuitry impairment":
 - (1) any condition that can be reasonably remedied by:
 - (a) normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - (b) rebooting, reloading or updating software or firmware; or
 - (c) providing necessary power or supply.
 - (2) any condition caused by or related to:
 - (a) incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
 - (b) insufficient size, capability or capacity of the "covered equipment".
 - (3) exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
9. "Fungus or related perils" means:
 - a. a fungus, including but not limited to mildew and mold;
 - b. a protist, including but not limited to algae and slime mold;
 - c. wet rot;
 - d. dry rot;
 - e. a bacterium; or

- f. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
10. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
11. As respects this endorsement only, the definition in the Commercial Output Program – Property Coverage Part is deleted and replaced by the following:
- "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
12. As respects this endorsement only, the definition "one accident" in the Commercial Output Program – Property Coverage Part is deleted and replaced by the following:
- "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
13. "Production machinery" means machines or apparatus that process or produce a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.
- However, "production machinery" does not mean any boiler, fired or unfired pressure vessel.
14. "Schedule" means the Equipment Breakdown Schedule.
15. "Suit" means a judicial proceeding that has been set up to determine liability and damages for loss to property of others consisting of covered property that is in "your" care, custody, or control. Judicial proceedings also includes arbitration proceedings that "you" may be required to submit to.
16. "Vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft,

watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a "covered location" and that receives electrical power from an external power source will not be considered a "vehicle".

B. COVERAGE

Property Damage – "We" cover direct physical loss to covered property caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment" at "covered locations". "We" will consider "electronic circuitry impairment" to be direct physical loss to "covered equipment".

The term covered property as used in this coverage part means the types of property described under the Property Covered section of the Commercial Output Program - Property Coverage Part as well as the covered property described in the Supplemental and Supplemental Marine Coverages.

C. ADDITIONAL PROPERTY NOT COVERED

In addition to the property identified under the Property Not Covered in the Commercial Output Program - Property Coverage Part, the following additional property is not covered:

Animals – "We" do not cover animals, including but not limited to:

- birds and fish;
- animals owned by others and boarded by "you"; and
- animals "you" own and hold for sale.

D. COVERAGE EXTENSIONS

If indicated on the "schedule", the following additional coverages also apply to loss caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment". However, with respect to coverage **9. Service Interruption** below and any Dependent Locations coverage provided by this coverage part, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". The most that "we" pay for loss arising from any "one equipment breakdown" is the amount indicated on the "schedule" for the applicable Coverage Extension.

If two or more "limits" apply to the same portion of a loss, "we" only pay the smaller "limit" for that portion of the loss.

Except as otherwise provided, the "limits" for the additional coverages are a part of, and not in addition to, the Property Damage Limit.

1. Data Restoration

- a. "We" pay for "your" reasonable and necessary cost to research, replace and restore lost "data".
- b. The most "we" pay for loss or expense under this coverage, including actual loss of Income Coverage "you" sustain and necessary Extra Expense "you" incur, if shown as covered, is \$100,000 unless otherwise shown in the "schedule".

2. Expediting Expenses

- a. With respect to "your" damaged covered property, "we" pay the reasonable extra cost to:
 - (1) make temporary repairs; and
 - (2) expedite permanent repairs or permanent replacement.
- b. The most "we" pay for loss or expense under this coverage is \$100,000 unless otherwise shown in the "schedule".

3. Limited Fungus and Related Perils Property Damage Coverage

- a. We will pay your additional cost to repair or replace covered property because of contamination by "fungus or related perils". This includes the additional costs to clean up or dispose of such property. This does not include "spoilage" of personal property that is "perishable stock" to the extent that such "spoilage" is covered under Spoilage coverage.
- b. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "fungus or related perils" been involved.
- c. We will also pay the cost of testing performed after repair or replacement of the damaged covered property is completed only to the extent that there is reason to believe there is the presence of "fungus or related perils".
- d. This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.
- e. The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$15,000 even if the "fungus or related perils" continues to be present or active or recurs in a later policy period.

4. Hazardous Substances

- a. "We" pay "your" additional cost to repair or replace covered property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.
- b. This does not include contamination of "perishable stock" by refrigerant, including but not limited to ammonia, which is addressed in **10.a.(2)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- c. The most "we" pay for loss, damage or expense under this coverage, including actual loss of Income Coverage "you" sustain and necessary Extra Expense "you" incur, if shown as covered, is \$100,000 unless otherwise shown in the "schedule".

5. Income Coverages

- a. **Coverage** – If a "limit" is indicated on the "schedule", "we" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted as a result of an "accident" or "electronic circuitry impairment" to "covered equipment".

This coverage applies only when the "accident" or "electronic circuitry impairment" to "covered equipment" occurs at "covered locations" or in the open (or in vehicles) within 1,000 feet thereof.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

- (1) all passageways to "your" location within the building; and
- (2) "your" business personal property in the open (or in a vehicle) within 1,000 feet.

- b. **Coverage Options** – Coverage options include:
 - (1) earnings, "rents", and extra expense.
 - (2) earnings and extra expense.
 - (3) "rents" and extra expense.
 - (4) extra expense only.

Earnings includes "rents" when option (1) is selected. Earnings means only "rents" when option (3) is selected.

- c. **Earnings** – "We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

- d. **Extra Expense** – "We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment".

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

- (1) repair, replace, or restore any property; and
- (2) research, replace, or restore information on damaged "valuable papers".

- e. **Period of Loss Extension After Business Resumes** – "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced until:

- (1) the end of 30 consecutive days (unless otherwise indicated on the "schedule"); or
- (2) the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would

have existed had no loss or damage occurred,

whichever is earlier. This does not increase the "limit".

- f. **Dependent Locations** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at a "dependent location".

The most "we" pay in any "one equipment breakdown" under this Income Coverage is \$25,000, unless otherwise in the "schedule".

6. Off Premises Equipment Breakdown

- a. "We" pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment," is not at a "covered location". As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- b. "We" also pay for "your" reasonable and necessary cost to research, replace and restore lost "data" contained within "covered equipment" as described under a. above. This amount may not exceed the limit applicable to Data Restoration coverage.
- c. The most "we" pay for loss, damage or expense under this coverage, including actual loss of Income Coverage "you" sustain and necessary Extra Expense "you" incur, if shown as covered, and Data Restoration as described in b. above is \$10,000 unless otherwise shown in the "schedule".

7. Ordinance or Law

- a. **Undamaged Parts of a Building** – When an "accident" or "electronic circuitry impairment" to "covered equipment" at a "covered location" occurs, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- (1) requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by an

"accident" or "electronic circuitry impairment" to "covered equipment";

- (2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and

- (3) is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

b. Increased Cost to Repair and Cost to Demolish and Clear Site

- (1) **Increased Cost to Repair** – When an "accident" or "electronic circuitry impairment" occurs to "covered equipment" at a "covered location", "we" cover the:

- (a) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and
- (b) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when the "accident" or "electronic circuitry impairment" to "covered equipment" occurs at a "covered location".

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

"We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

- (2) **Cost to Demolish and Clear Site** – "We" cover the cost to demolish and clear the site of undamaged parts of

the covered building or structure that is damaged or destroyed by an "accident" or "electronic circuitry impairment" to "covered equipment". The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when the "accident" or "electronic circuitry impairment" occurs to "covered equipment".

- (3) **We Do Not Cover** – "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:

- (a) requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
- (b) "you" were required to comply with before the occurrence of an "accident" or "electronic circuitry impairment" to "covered equipment" at a "covered location", even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree whether or not "you" were aware of such non-compliance.

- (4) **What We Pay If The Building Is Repaired or Replaced** – If the covered building or structure is repaired or replaced, "we" pay the lesser of:

- (a) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
- (b) the "limit" indicated on the "schedule".

- (5) **What We Pay If The Building Is Not Repaired or Replaced** – If the covered building or structure is not repaired or replaced, "we" pay the lesser of:

- (a) the amount "you" actually spend to demolish and clear the site, plus the cost "you" would have incurred to replace damaged or destroyed property with other

property of like kind, and quality; of the same height, floor area, and style; and used for the same purpose; or

(b) the "limit" indicated on the "schedule".

8. Public Relations

- a. This coverage only applies if "you" have sustained an actual loss of Income Coverage covered under this Coverage Part.
- b. "We" pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of "your" business. This communication must be directed to one or more of the following:
 - (1) the media;
 - (2) the public; or
 - (3) "your" customers, clients or members.
- c. Such costs must be incurred during the "restoration period" or up to 30 days after the "restoration period" has ended.
- d. The most "we" pay for loss or expense under this coverage is \$5,000.

9. Service Interruption

- a. Any insurance provided for Income Coverage, Extra Expense, Data Restoration or Spoilage is extended to apply to "your" loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides "you" with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services," wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not covered property.
- b. "Cloud computing services" must be provided by a professional provider with whom "you" have a contract.
- c. With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to

"data" stored in the equipment of a provider of "cloud computing services".

- d. Unless otherwise shown in the "schedule", any insurance provided for Income Coverage or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- e. The most "we" pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Income Coverage, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in the "schedule" for Service Interruption, that limit will apply to Income Coverage and Extra Expense loss under this coverage.

10. Spoilage

- a. "We" pay for:
 - (1) physical damage to "perishable stock" due to "spoilage";
 - (2) physical damage to "perishable stock" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (3) any necessary expenses "you" incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- b. If "you" are unable to replace the "perishable stock" before its anticipated sale, the amount of "our" payment will be determined on the basis of the sales price of the "perishable stock" at the time of the "accident" or "electronic circuitry impairment", less discounts and expenses "you" otherwise would have had. Otherwise "our" payment will be determined in accordance with the Valuation condition as set forth in this Coverage Part.
- c. The most "we" pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in the "schedule".

11. **Defense Costs** – "We" have the right and duty to defend any "suit" brought against "you" as a result of damage to property of others that is in "your" care, custody, or control and is caused by an "accident" or "electronic circuitry

impairment" to "covered equipment". "We" may investigate and settle a claim or "suit". "We" do not have to provide a defense after "we" have paid the "limit" as a result of a judgment or written settlement.

"You" must not admit liability for a loss, settle a claim, or incur expense without "our" written consent. "You" must not interfere with "our" negotiation for a settlement.

"We" pay the following additional expenses associated with any "suit" "we" defend:

- a. Expenses which "we" incur while investigating and defending the "suit".
- b. Actual loss of "your" salary, up to \$250 per day, for "your" time spent away from work at "our" request.
- c. Expenses "you" incur at "our" request.
- d. All costs "you" are required to pay as a result of any "suit" "we" defend.
- e. Interest that accrues after entry of a judgment, until "we" tender, deposit in court, or pay "our" part of the judgment.
- f. Interest that is awarded against "you" before the entry of a judgment. If "we" make an offer to settle the "suit", "we" do not pay any interest that accrues after the offer to settle.
- g. Cost of a bond for the release of attachments. "We" are not required to furnish a bond itself.

This Coverage Extension will not reduce the available Property Damage Limit and does not have to be indicated on the "schedule".

E. PERILS COVERED

"We" cover risks of direct physical loss caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment" unless the loss is limited or caused by a peril that is excluded. "We" will consider "electronic circuitry impairment" to be direct physical loss to "covered equipment".

F. PERILS EXCLUDED

"We" do not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. "We" do not pay for loss, damage or expense caused directly or indirectly by one or more of the following excluded causes or events, whether or not caused by or resulting from a peril covered.
 - a. **Fire and Explosion** – "We" do not pay for loss caused by:

- (1) fire, including smoke from a fire.
- (2) combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) any other explosion, except as specifically provided in the definition of "accident".

- b. **Ordinance or Law** – Except as provided under Coverage Extensions – Ordinance or Law, "we" do not pay for the enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction, installation or demolition of any building or structure including the cost of removing its debris.
- c. **Earth Movement or Volcanic Action** – "We" do not pay for loss caused by any earth movement whether natural or human-made. Earth movement includes, but is not limited to earthquake; shock; tremor; landslide; rock fall; mudflow; mudslide; mine subsidence; sinking, rising, shifting of earth; "sinkhole collapse" or tsunami. "We" do not pay for loss caused by any volcanic action, including loss caused by eruption, explosion or effusion of a volcano.
- d. **Civil Authority** – "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.
- e. **Nuclear Hazard** – "We" do not pay for loss caused by or resulting from nuclear reaction, nuclear detonation, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled by natural, accidental, or artificial means).
- f. **War and Military Action** – "We" do not pay for loss caused by:
 - (1) war, including undeclared or civil war;
 - (2) warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) insurrection, rebellion, revolution, unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the “terms” of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Exclusion will apply in place of the Nuclear Hazard Exclusion.

- g. Water** – “We” do not pay for loss caused by water. This means:

- (1) “flood”;
- (2) water that backs up through sewer or drain; and
- (3) water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

However, if electrical “covered equipment” requires drying out as a result of the above described peril, “we” pay for the amount “you” actually expend to dry out such equipment, subject to the applicable Property Damage “limit” and Property Coverage Deductible. “We” do not pay more than the Actual Cash Value of the affected electrical “covered equipment”. “We” do not pay to replace such equipment or for any other loss, damage or expense.

- h. Neglect** – “We” do not pay for loss caused by “your” neglect to use all reasonable means to save covered property at and after the time of the loss.
- i. Fines** – “We” do not pay for any fine, penalty or punitive damage.
- j. Fungus or Related Perils** – Except as specifically provided under **D.3. Limited Fungus and Related Perils Property Damage Coverage**, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”: Any “fungus or related perils”, including any presence, growth, proliferation, spread or any activity of “fungus or related perils”. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such “fungus or related perils”. However, this exclusion does not apply to “spoilage” of personal property that is “perishable stock”, to the extent that such “spoilage” is covered under Spoilage coverage.
- k. Increased Hazard** – “We” do not pay for loss occurring while the hazard has been

materially increased by any means within “your” knowledge or “your” control.

- l. Data, Software Programs and operating systems** – “We” do not pay to reproduce:

- (1) software programs or operating systems that are not commercially available; or
- (2) “data” that is obsolete, unnecessary or useless to “you”.

- m. Vandalism** – “We” do not pay for willful and malicious acts that cause damage or destruction.

- n. Loss of Use** – “We” do not pay for loss caused by loss of use, delay or loss of market.

- o. Pollutants** – “We” do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal or escape of “pollutants” except as specifically provided under the Coverage Extension for “Hazardous Substances”.

- p. Seepage** – “We” do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.

- q. Smoke, Vapor, Gas or Smog** – “We” do not pay for loss caused by smoke, vapor or gas from agricultural smudging or industrial operations or for loss caused by smog.

- 2. “We” do not pay for an “accident” or “electronic circuitry impairment” that is caused by or results from one or more of the following causes or events:**

- a. Lightning**

- b. Windstorm and Hail** – “We” do not pay for loss caused by windstorm or hail. However, this exclusion does not apply when:

- (1) “covered equipment” located within a building or structure suffers an “accident” or “electronic circuitry impairment” that results from wind-blown rain, snow, sand or dust; and
- (2) the building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.

- c. Collision** – “We” do not pay for loss caused by collision or any physical contact caused by a “vehicle”. This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed “vehicles” which “you” own

or which are operated in the course of "your" business.

d. Riot or Civil Commotion

e. Discharge of Water – "We" do not pay for loss caused by the discharge of water or other extinguishing agent to fight a fire, including leakage or discharge of any substance from an automatic sprinkler system, or collapse of a tank that is part of the system.

f. Testing – "We" do not pay for loss or damage caused by a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

g. Elevator Collision.

h. Falling Objects;

i. Weight of Snow, Ice or Sleet;

j. Water Damage – "We" do not pay for loss caused by discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam;

k. Collapse;

l. Breakage of Glass;

m. Weather Related Freezing;

n. Molten Material – "We" do not pay for loss caused by discharge of molten material from equipment, including the heat from such discharged material.

3. Exclusion 2. does not apply if all of the following are true:

a. The excluded peril occurs away from any "covered location" and causes an electrical surge or other electrical disturbance;

b. Such surge or disturbance is transmitted through utility service transmission lines to a "covered location";

c. At the "covered location", the surge or disturbance results in an "accident" or "electronic circuitry impairment" to "covered equipment" that is owned or operated under the control of "you" or "your" landlord; and

d. The loss, damage or expense caused by such surge or disturbance is not a covered peril under another coverage part or policy of insurance "you" have, whether collectible or not, and without regard to whether or not the other coverage part or

policy of insurance provides the same coverage or scope of coverage as this policy.

4. "We" do not pay for "your" loss of earnings or extra expenses that "you" incur if one or more of the following excluded causes or events apply.

a. Leases, Licenses, Contracts, or Orders

– "We" do not pay for any increase in loss of earnings or extra expenses due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders. However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any loss of earnings or extra expense beyond the "restoration period" caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

b. Due Diligence to Resume Your Business – "We" do not pay for any increase in loss of earnings or extra expenses due to "your" failure to use due diligence and dispatch and all reasonable means to resume "your" "business".

c. Customer or Supplier Agreement – We"

do not pay for any increase in loss resulting from an agreement between "you" and "your" customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated charges.

"We" also do not pay for loss associated with "business" that would not or could not have been carried on if the "accident" or "electronic circuitry impairment" had not occurred.

G. VALUATION

1. As respects this endorsement only, the Valuation Condition in the Commercial Output Program Property Coverage Part is deleted and replaced with the following:

"We" will determine the value of covered property as follows:

a. Except as specified otherwise, "our" payment for damaged covered property will be the smallest of:

(1) the cost to repair the damaged property;

(2) the cost to replace the damaged property on the same site; or

- (3) the amount "you" actually spend that is necessary to repair or replace the damaged property.
- b. Except as described in d. below, "you" must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- c. **Environmental, Safety and Efficiency Improvements**
If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment," "we" pay "your" additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced.
However, "we" do not pay to increase the size or capacity of the equipment and "we" do not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.
- d. The following property will be valued on an Actual Cash Value basis:
 - (1) any property that does not currently serve a useful or necessary function for "you";
 - (2) any covered property that "you" do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and
 - (3) any covered property for which Actual Cash Value coverage is specified in the "schedule".Actual Cash Value includes deductions for depreciation.
- e. If any one of the following conditions is met, property held for sale by "you" will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
 - (1) the property was manufactured by "you";
 - (2) the sales price of the property is less than the replacement cost of the property; or
 - (3) "you" are unable to replace the property before its anticipated sale.

- f. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:
 - (1) for mass-produced and commercially available software, at the replacement cost.
 - (2) for all other "data" and "media", at the cost of blank "media" for reproducing the records. "We" do not pay for "data" representing financial records based on the face value of such records.

H. HOW MUCH WE PAY

- 1. **Insurable Interest** – "We" do not cover more than "your" insurable interest in any property.
- 2. **Deductible** – If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any "one equipment breakdown", the highest deductible will apply. Unless the "schedule" indicates that a single deductible applies to all Equipment Breakdown coverages, multiple deductibles may apply to any "one equipment breakdown".
 - a. **Property and Income Coverages** – Unless otherwise indicated on the "schedule", the Property Coverage Deductible applies to all loss covered by this coverage part, with the exception of those coverages subject to the Income Coverage Deductible as described below.
Unless more specifically indicated on the "schedule", the Income Coverage Deductible applies to:
 - (1) earnings, "rents", and extra expense; and
 - (2) service interruption.
 - b. **Application of Deductibles**
 - (1) **Dollar Deductibles** – "We" do not pay for loss resulting from any "one equipment breakdown" until the amount of loss exceeds the applicable deductible indicated on the "schedule". "We" then pay the amount of loss in excess of the applicable deductible or deductibles, subject to the applicable "limit" indicated on the "schedule".
 - (2) **Multiple of Average Daily Value Deductibles** – If a deductible is expressed as a number times Average Daily Value (ADV), the deductible will be calculated as follows:

The ADV will be the operating expenses that would have been normally earned or incurred during the "restoration period" by "your" "business" had no "accident" or "electronic circuitry impairment" occurred divided by the number of working days in that period.

Operating expenses includes net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses.

No reduction will be made:

- (a) for operating expenses not being earned;
- (b) in the number of working days because of the "accident" or "electronic circuitry impairment"; or
- (c) for any other scheduled or unscheduled shutdowns during the "restoration period".

The ADV applies to all "covered locations" included in the valuation of the loss. The number indicated on the "schedule" will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

- (3) **Time Deductibles** – If a time deductible is indicated on the "schedule", "we" will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each consecutive day will mean twenty-four consecutive hours.

- (4) **Percentage of Loss Deductibles** – If a deductible is expressed as a percentage of loss, "we" will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

3. **Loss Settlement Terms** – Subject to paragraphs 1., 2., 4., 5. and 6. under How Much We Pay, "we" pay the lesser of:

- a. the amount determined under Valuation;
- b. the cost to repair, replace or rebuild the property with material of like kind and quality to the extent practicable subject to the Valuations provisions under Environmental, Safety and Efficiency Improvements; or
- c. the "limit" that applies to the covered property.

The most "we" pay for loss, damage or expense arising from any "one equipment breakdown" is the amount shown as the Equipment Breakdown Limit in the "schedule".

4. **Coinsurance** – If indicated on the Equipment Breakdown Schedule, specified coverages may be subject to coinsurance.

- a. **Property Damage and Spoilage Coverage** – "We" do not pay for the full amount of "your" loss if the applicable "limit" is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, "we" will determine what percentage this calculated product is compared to the applicable "limit" and apply that percentage to the loss after application of the Deductible. The resulting amount or the applicable "limit" is the most "we" pay. "We" do not pay for the remainder of the loss.

- b. **Income Coverage** – "We" pay only a part of the loss if the "limit" is less than the coinsurance percentage multiplied by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy (whichever is later), normally earned by "your" "business". "Our" part of the loss is determined using the following steps:

- (1) multiply the coinsurance percentage by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy;
- (2) divide the "limit" by the figure determined in 1) above;
- (3) multiply the total amount of loss by the figure determined in (2) above.

"We" pay the amount determined in (3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

Coinurance does not apply to coverage for extra expense.

5. Insurance Under More Than One Coverage

– If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

6. Insurance Under More Than One Policy –

"You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

I. ADDITIONAL CONDITIONS

1. Suspension – When any "covered equipment" is discovered to be in, or exposed

to a dangerous situation or condition, any representative of "ours" may immediately suspend the insurance coverage against loss from an "accident" or "electronic circuitry impairment" to that equipment. The suspension will not apply to any other covered peril under any other coverage part.

"We" can do this by mailing or delivering a written notice of suspension to "your" address as shown in the declarations, or at the address where the "covered equipment" is located.

Once so suspended, "your" insurance can be reinstated only by written notice from "us". If "your" insurance is so suspended, "you" will get a pro rata premium refund. But the suspension is effective even if "we" have not yet offered or made a refund.

2. Jurisdictional Inspections – If any property that is "covered equipment" under this Equipment Breakdown Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, "we" agree to perform such inspection on "your" behalf. "We" do not warrant that conditions are safe or healthful.

IMPORTANT NOTICE TO POLICYHOLDERS EQUIPMENT BREAKDOWN COVERAGE REVISION SUMMARY OF ENDORSEMENT CHANGES

THIS NOTICE CONTAINS IMPORTANT SUMMARY INFORMATION ABOUT A CHANGE IN COVERAGE. PLEASE READ IT CAREFULLY.

THIS NOTICE DOES NOT PROVIDE ANY COVERAGE AND DOES NOT REPLACE ANY PROVISIONS IN YOUR POLICY. READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT YOUR INSURANCE AGENT.

The Hanover Insurance Group, in an effort to further address the needs of our policyholders, has modified the **EQUIPMENT BREAKDOWN COVERAGE PART** endorsement. The new endorsement, **EQUIPMENT BREAKDOWN COVERAGE (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT) – COMMERCIAL OUTPUT POLICY**, is designed to provide an enhanced and streamlined product.

Your expiring **EQUIPMENT BREAKDOWN COVERAGE PART** endorsement has been **replaced** in its entirety with the new **EQUIPMENT BREAKDOWN COVERAGE (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT) – COMMERCIAL OUTPUT POLICY** endorsement.

The following is a summary of major changes which will apply to your policy at renewal. This notice does **not** reference every change made in your policy. If you have any questions or concerns about this notice, please contact your agent.

411-0963 11 16 EQUIPMENT BREAKDOWN COVERAGE PART (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT) – COMMERCIAL OUTPUT POLICY

Changes That May Broaden Coverage:

- In **B. COVERAGE**, “electronic circuitry impairment” is added.
- In **C. ADDITIONAL PROPERTY NOT COVERED**, “perishable stock” is deleted.
- In **D. COVERAGE EXTENSIONS**, “electronic circuitry impairment” is added in the preamble.
- The following are new Coverage Extensions: **Data Restoration**; **Off Premises Equipment Breakdown**; **Public Relations**; and **Spoilage**;
- In **E. PERILS COVERED**, “electronic circuitry impairment” is added.

Other Changes:

- In **A. ADDITIONAL DEFINITIONS**, the following definitions were previously in the **COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART** and are now new to this endorsement: “accident”; “covered equipment”; “media”; “one equipment breakdown”;
- The following are new definitions: “cloud computing services”; “data”; “electrical generating equipment”; “electronic circuitry”; “electronic circuitry impairment”; “fungus or related perils”; “hazardous substance”; “schedule”; and “vehicle”.
- The Coverage Extension for **Hazardous Substances** replaces the Coverage Extension for **Pollutants**.

- The Coverage Extension for **Service Interruption** replaces the Coverage Extension for **Off Premises Utility Service Interruption**.
- In **F. PERILS EXCLUDED**, the following are added: **i. Fines**; **l. Data, Software Programs and operating systems**; **f. Testing**; **g. Elevator Collision**; paragraph **3.**; and paragraph **4.c.**
- In **G. VALUATION**, paragraph **1.d.** is added.
- In **H. HOW MUCH WE PAY**, paragraph **2.b.(4)** is added.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – COMMERCIAL OUTPUT POLICY

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE PART – COMMERCIAL OUTPUT POLICY

- A. Section D. **COVERAGE EXTENSIONS**, paragraph 3. **Limited Fungus and Related Perils Property Damage Coverage** is deleted.
- B. Section F. **PERILS EXCLUDED**, paragraph 1.j. **Fungus Or Related Perils** is deleted.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

AAIS
CO 1220 10 07
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

WINDSTORM OR HAIL DEDUCTIBLE

The "terms" of this endorsement apply to property for which entries have been made on the Windstorm Or Hail Schedule or on the "schedule of coverages" to show a Windstorm Or Hail Deductible.

All other "terms" of this policy apply.

HOW MUCH WE PAY

Deductible -- The deductible provision under How Much We Pay is replaced by the provisions for Flat Deductible or Percentage Deductible when loss to covered property identified on the Windstorm Or Hail Schedule is caused by or results from windstorm or hail.

1. **Applicable Deductible** -- The Windstorm Or Hail Deductible indicated on the Windstorm Or Hail Schedule is applicable to loss or damage to covered property caused directly or indirectly by the perils of windstorm or hail.
2. **Weather Condition Other Than Windstorm Or Hail** -- Loss or damage resulting from a covered weather condition, other than windstorm or hail, will be considered to be caused by windstorm or hail and will be considered part of the windstorm or hail occurrence if the loss or damage would not have occurred without the weather conditions of windstorm or hail.

3. **Flat Deductible** -- When a flat dollar deductible is indicated on the Windstorm Or Hail Schedule, "we" pay only that part of "your" loss over the deductible amount in any one occurrence.

4. **Percentage Deductible** --

- a. **Percentage** -- When a 1%, 2%, or 5% deductible is indicated on the Windstorm Or Hail Schedule, "we" pay only that part of "your" loss over the deductible amount in any one occurrence. The deductible amount is determined by applying the percentage indicated on the schedule to the value of the covered property that is involved in the loss.
- b. **Value Determined At Time Of Loss** -- Only as regards the determination of the Percentage Deductible, the value of covered property is determined at the time of loss or damage and in accordance with the provisions described under the Valuation section of the policy.
- c. **Deductible Applies Separately** -- The windstorm or hail percentage deductible applies separately to:
 - 1) each building or structure, including business personal property within each building or structure;
 - 2) business personal property in each building or structure that is not covered by this policy; and
 - 3) business personal property in the open or in a vehicle.

CO 1220 10 07

AAIS
CO 1204 04 02
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

INCOME COVERAGE FROM DEPENDENT LOCATIONS SEPARATE LIMITS

As specified below, this endorsement amends the provisions of the Commercial Output Program - Income Coverage Part.

Coverage for Dependent Locations is deleted and replaced by the provisions of this endorsement. Unless otherwise provided below, the "terms" of the Commercial Output Program - Income Coverage Part also apply to coverage for "dependent locations" as described in this endorsement.

The most we pay in any one occurrence or at any one location is the "limit" indicated in the Schedule of Dependent Locations for a described "dependent location".

2. **Unscheduled Dependent Locations --**
Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at an unscheduled "dependent location".

The most we pay in any one occurrence or at any one location is the "limit" indicated in the Schedule of Dependent Locations for an unscheduled "dependent location".

SUPPLEMENTAL COVERAGE

1. **Scheduled Dependent Locations --**
Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss or damage, caused by a covered peril, to property at a "dependent location" described on the Schedule of Dependent Locations.

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AAIS
CO 1231 04 02
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

REPORTING CONDITIONS

OTHER CONDITIONS

Reporting Conditions -- The following reporting conditions are added to the Commercial Output Program -- Property Coverage Part.

1. **Premium Computation and Adjustment** --
The premium will be adjusted as of each adjustment period indicated on the Reporting Schedule and will be computed using the rate indicated.

When an annual adjustment period is indicated on the schedule, "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium "we" will pay "you" the difference, subject to the minimum premium indicated on the schedule.

When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium.

If "your" coverage is canceled "you" will report the total value of all covered property, sales receipts, or gross receipts up to and including the date of cancellation.

2. **Reports** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:
 - a. If "you" have failed to submit the required reports of value as of the time of a loss, "we" will not pay "you" more than the amount included in "your" last report. If no report has been submitted, the most "we" will pay is 90% of the "limit".
 - b. If "you" report "covered locations" and "your" last report of values before a loss at any "covered location" shows less than the full value of the covered property at that location, "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the values "you" reported divided by the value of the covered property.
 - c. For locations "you" acquire after the last report of values "we" will not pay a greater proportion of a loss, prior to the application of the deductible than the values "you" reported for all locations divided by the value of the covered property at all "covered locations".
 - d. "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

CO 1231 04 02

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AAIS
CO 1232 04 02
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

LOSS PAYABLE OPTIONS

If indicated on the Loss Payable Schedule, the following conditions apply to the property described on the schedule. The following conditions apply in addition to the policy "terms" which are contained in other sections of the Commercial Output Program coverages.

LOSS PAYABLE

Any loss will be adjusted with "you" and will be payable to "you" and the loss payee described on the schedule as "your" and their interests appear.

LENDER'S LOSS PAYABLE

Any loss will be payable to "you" and the loss payee described on the schedule as interests appear. If more than one loss payee is named, they will be paid in order of precedence.

The insurance for the loss payee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the loss payee does not continue in effect if the loss payee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" notify the loss payee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the loss payee, if "you" fail to pay the premium.

If "we" pay the loss payee for a loss where "your" insurance may be void, the loss payee's right to collect that portion of the debt from "you" then belongs to "us". This does not affect the loss payee's right to collect the remainder of the debt from "you". As an alternative, "we" may pay the loss payee the remaining principal and accrued interest in return for a full assignment of the loss payee's interest and any instruments given as security for the debt.

If "we" choose not to renew this policy, "we" give written notice to the loss payee at least ten days before the expiration date of this policy.

CONTRACT OF SALE

Any loss will be adjusted with "you" and will be payable to "you" and the loss payee described on the schedule as "your" and their interests appear.

The loss payee shown on the schedule is a person or organization "you" have entered into a contract with for the sale of covered property.

When covered property is the subject of a contract of sale, the word "you" also means the loss payee.

CO 1232 04 02

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THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

In Witness Whereof, this company has caused this policy to be signed by its President and Secretary and countersigned on the declarations page, where required, by a duly authorized agent of the company.



Joseph M. Zubretsky
President



Charles Frederick Cronin
Secretary



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGE

Policy Change Number 1

POLICY CHANGE EFFECTIVE DATE	POLICY NUMBER	TERM YR(S)	POLICY EFFECTIVE DATE	
10/03/2017	RHY 9560593 05	1	FROM	TO
			05/31/2017	05/31/2018
NAMED INSURED ARIZONA BEVERAGES USA, LLC 60 CROSSWAYS PARK DRIVE WEST, 4 TH FLOOR WOODBURY, NY 11797			AUTHORIZED REPRESENTATIVE CAPACITY COVERAGE COMPANY OF NEW JERSEY, LLC ONE INTERNATIONAL BLVD.FL3 MAHWAH, NJ 07495	
			AGENCY CODE	4108255
COVERAGE PART AFFECTED <input checked="" type="checkbox"/> Commercial Property Coverage Part <input type="checkbox"/> Commercial General Liability Coverage Part <input checked="" type="checkbox"/> Commercial Crime Coverage Part <input type="checkbox"/>			<input type="checkbox"/> Commercial Inland Marine Coverage Part <input checked="" type="checkbox"/> Boiler and Machinery Coverage Part <input type="checkbox"/> Commercial Auto Coverage Part <input type="checkbox"/>	
CHANGES				
THE BUILDING LIMIT IS DELETED AT LOCATION #3 2450 COPANS ROAD, POMPANO BEACH, FL 33064 ON THE LOCATION SCHEDULE FORM CO 1052 04 02. ALL OTHER VALUES AT THIS LOCATION REMAIN THE SAME.				
THE COMMERCIAL OUTPUT PROGRAM CATASTROPHE LIMIT ON SCHEDULE OF COVERAGES FORM CO 1051 04 05 IS DECREASED TO \$124,261,200.				
THE PROPERTY DAMAGE LIMIT IS DECREASED TO \$52,934,000 ON THE EQUIPMENT BREAKDOWN SCHEDULE ON FORM 411-0964 11 16.				
THE NEW ANNUAL FLORIDA TRUST FUND CHARGE IS: \$2.23. THE RETURN PREMIUM DUE INCLUDES (\$.91) FOR FLORIDA TRUST FUND.				
HANOCASH IS UPDATED PER ATTACHED FORM 221-4708 05 93.				
OLD POLICY PREMIUM	NEW POLICY PREMIUM	PREMIUM DUE *		
\$414,321.80	\$400,530.42	(\$9,067.91)		
		HANOCASH APPLICABLE YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		

*Parentheses indicate a return premium

Countersigned By

Authorized Representative Signature

HANOCASH INSTALLMENT PAYMENT OF PREMIUM ENDORSEMENT

ENDT#1

PAY MODE A/R		AMOUNTS DUE AS OF INCEPTION, ANNIVERSARY OR PRIOR TO ENDORSEMENT		* CHANGES CAUSED BY ENDORSEMENT		* REVISED AMOUNTS DUE		* TOTAL PAYMENT
PAYMENT NUMBER	DUE DATE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	DUE
1	05/31/2017	\$41676.80						\$41676.80
2	06/30/2017	\$41405						\$41405
3	07/31/2017	\$41405						\$41405
4	08/31/2017	\$41405						\$41405
5	09/30/2017	\$41405						\$41405
6	10/31/2017	\$41405		(\$3551.91)				\$37853.09
7	11/30/2017	\$41405		(\$1379)				\$40026
8	12/31/2017	\$41405		(\$1379)				\$40026
9	01/31/2018	\$41405		(\$1379)				\$40026
10	02/28/2018	\$41405		(\$1379)				\$40026
TOTAL		\$414321.80		(\$9067.91)				\$405253.89

*Parenthesis indicate a reduction in payment, service charge and/or a return premium.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as stated above.

[Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.]

Effective 10/03/2017 this endorsement forms a part of Policy No RHY 9560593 05

Issued To ARIZONA BEVERAGE USA LLC

By _____

Date: 01/16/2018 Countersigned by _____